

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2025

Or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 001-36468

ARISTA NETWORKS, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

20-1751121
(I.R.S. Employer
Identification Number)

5453 Great America Parkway
Santa Clara, California 95054
(Address of principal executive offices)
(408) 547-5500
(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

Title of each class
Common Stock, \$0.0001 par value

Trading Symbol(s)
ANET

Name of each exchange on which registered
New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant was approximately \$105.6 billion as of June 30, 2025 (the last business day of the registrant's most recently completed second fiscal quarter) based on the closing price of the registrant's common stock on the New York Stock Exchange on such date. Shares held by persons who may be deemed affiliates have been excluded. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

On February 10, 2026, 1,256,537,906 shares of the registrant's common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement relating to its 2026 Annual Meeting of Stockholders to be filed pursuant to Regulation 14A within 120 days after the registrant's fiscal year end of December 31, 2025 are incorporated by reference into Part III of this Annual Report on Form 10-K.

ARISTA NETWORKS, INC.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K, including the sections entitled “Business,” “Risk Factors,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which statements involve substantial risks and uncertainties. The words “believe,” “may,” “will,” “potentially,” “likely” “estimate,” “continue,” “anticipate,” “intend,” “could,” “would,” “should”, “project,” “plan,” “predict,” “expect”, the negative of any of these words and similar expressions that convey uncertainty of future events or outcomes are intended to identify forward-looking statements.

These forward-looking statements include, but are not limited to, statements concerning the following:

- our ability to maintain an adequate rate of revenue growth and our future financial performance, including our expectations regarding our revenue, cost of revenue, gross profit or gross margin and operating expenses;
 - our belief that the networking market is rapidly evolving and has a significant potential opportunity for growth;
 - our business plan and our ability to effectively manage our growth;
 - our ability to expand our leadership position in the networking industry and to develop new products and expand our business into existing and new markets such as the artificial intelligence (“AI”), cloud, data center networking, routing, campus, software and services;
 - our ability to satisfy the requirements for networking solutions and to successfully anticipate technological shifts and market needs, including the impact of AI, innovate new products, rapidly develop new features and applications, and bring them to market in a timely manner;
 - our expectation that we will continue to derive substantially all of our product revenue from sales of our switching and routing platforms for the foreseeable future;
 - our ability to fulfill our customers’ orders despite supply chain delays, issues with access to key commodities or technologies or geopolitical events that impact our manufacturers or their suppliers such as the escalating tariff and non-tariff-related international trade measures, the Russia-Ukraine conflicts or the impact of global pandemics;
 - our expectations related to our inventory and purchase commitments;
 - the potential impact of tightening supply conditions, including in the memory market;
 - our ability to identify, complete and realize the benefits of recent and future acquisitions of, or investments in, complementary companies, products, services or technologies;
 - costs associated with defending intellectual property infringement and other claims and legal proceedings, and the potential outcomes of such disputes, such as any claims discussed in “Legal Proceedings”;
 - our ability to retain and increase sales to existing customers and attract new customers, including large customers;
 - our ability to expand our business domestically and internationally;
 - the effects of increased competition in our market and our ability to compete effectively;
 - the budgeting cycles and purchasing practices of customers, including large customers who may receive lower pricing terms due to volume discounts or who may elect to re-assign allocations to multiple vendors based upon specific network roles or projects;
 - the growth and buying patterns of our large customers and resulting volatility in our customer concentration in which large bulk purchases may or may not occur in certain quarters or may be deferred into future quarters or cancelled due to adjustments in their capital expenditure forecasts;
 - the deferral or cancellation of orders by customers, warranty returns or delays in acceptance of our products;
 - our ability to further penetrate our existing customer base and sell more complex and higher-performance configurations of our products;
 - our belief that increasing channel leverage will extend and improve our engagement with a broad set of customers;
 - our plans to continue to expand our sales force, marketing activities and relationships with channel, technology and system-level partners;
 - our ability to scale our operational and manufacturing capacity;
 - our plans to invest in our research and development;
 - our ability to timely and effectively scale and adapt our existing technology;
 - the potential of our products, including the benefits realized by our customers in their use of our products and services including lower total cost of ownership;
 - our ability to detect breaches of our cybersecurity systems or other security breaches;
 - the effects of cyclical trends on our results of operations;
 - our relationships with and expectations concerning third parties, including, but not limited to our large customers, suppliers, distributors, systems integrators, channel partners and value-added resellers;
 - the attraction and retention of qualified employees and key personnel;
 - our ability to maintain, protect and enhance our brand and intellectual property;
 - economic and industry trends;
-

- estimates and estimate methodologies used in preparing our financial statements;
- future trading prices of our common stock;
- our belief that we have adequately reserved for uncertain tax positions;
- the impact of global economic and political conditions that introduce instability into the U.S. and other economies;
- the impact of global and domestic tax reform;
- the impact of tariffs or other changes in international trade policies imposed by the U.S. on goods from other countries and tariffs imposed by other countries on U.S. goods;
- our belief that we will not pay any cash dividends in the foreseeable future; and
- our belief that our existing cash and cash equivalents together with cash flow from operations will be sufficient to meet our working capital requirements and our growth strategies for the foreseeable future.

These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in the section titled “Risk Factors” and elsewhere in this Annual Report on Form 10-K. Moreover, we operate in a very competitive and rapidly changing environment, and new risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Annual Report on Form 10-K may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. You should not rely upon forward-looking statements as predictions of future events.

The forward-looking statements made in this Annual Report on Form 10-K relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Annual Report on Form 10-K to reflect events or circumstances after the date of this Annual Report on Form 10-K or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make.

PART I

Item 1. Business

In a world where data is increasingly a precious commodity and competitive differentiator, Arista was founded to enable our customers to access all their centers of data in the quickest, most reliable, and secure manner. Over the last two decades, we have emerged as an industry leader, delivering data-driven, client-to-cloud networking-as-a-service. Our “Centers of Data” strategy is a fundamental pivot from legacy networking approaches that create incongruent silos to a unified, data-driven approach in which the network is a service that interconnects four primary domains: AI Centers, Data Centers, Campus Centers, and WAN Centers. Anchored by Arista’s state-oriented Extensible Operating System (EOS) and Network Data Lake (NetDL), our network-as-a-service platform delivers a seamless, consolidated networking experience regardless of data location.



Our solutions are differentiated because they:

- offer uncompromising reliability derived from the foundation of robust quality assurance capabilities, and a suite of automated diagnostics,
- are based on advanced open and standards-based technology that avoids what is often expensive vendor lock-in, and
- provide consistent real-time telemetry and intelligent automation to decrease the manual workload on the operator.

This strategy and differentiation have also allowed us to deliver our comprehensive suite of products, services, and technologies to a global customer base segmented into three primary categories: Cloud and AI Titans, AI and Specialty Providers, and Enterprise. Market research confirms that we continue to be a leader in high-speed Ethernet switching.

Our Market Drivers and Products

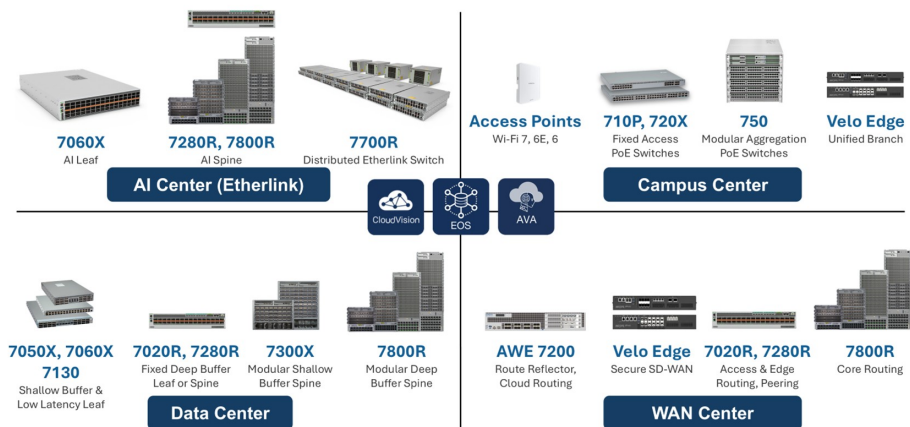
Centers of Data Drive the World

In the modern competitive landscape, the ability to access, manipulate, and leverage data is fundamental to an organization’s growth and viability. This is especially true in the era of Large Language Models (LLMs), agentic AI, and physical AI, where data has evolved from a byproduct of operations into the primary engine of intelligence and autonomy. Consequently, the network has matured beyond traditional "IT infrastructure" to become the spine or central nervous system. It serves as the critical conduit through which data flows from cloud and edge environments to the AI models that drive decision-making. This heightened dependency on real-time data movement underscores the necessity for a network architecture defined by unprecedented scale, availability, predictable performance, and open programmability. Operational simplicity and robust security are essential to ensure the business can compete in a world of massive, networked transactions.

Public cloud titans and, more recently, AI Neocloud providers have been at the forefront of this evolution, pioneering the development of large-scale data and AI centers to meet the growing demands of their users, including business customers. These networks have become the benchmark for superior performance and efficiency of IT infrastructure at the lowest unit cost. Enterprises and service providers worldwide are therefore adopting these hyperscale technologies and principles for their own network operations to achieve similar performance, operational efficiencies, and cost reductions.

Arista established itself as a market leader with platforms, products, and people to enable some of these hyperscalers’ most consequential networks. Our network-as-a-service approach now empowers customers of all sizes to seamlessly leverage their data through offerings spanning three key categories: Core (AI, Cloud, and Data Center Networking), Cognitive Adjacencies (Campus and Routing), and Cognitive Networks (Software and Services). With world-class engineering expertise and platform innovation, our customers gain the predictable performance and operational simplicity required to turn data into a sustainable competitive advantage in a modern, AI-driven world.

Arista Platforms for the Centers of Data



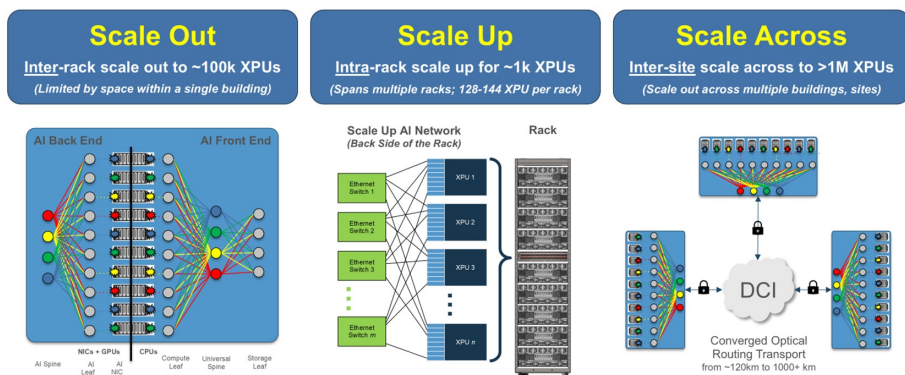
Networking at Scale for the AI Center

The rapid expansion of generative, agentic, and physical AI computing and distributed applications is blurring the lines between frontend and backend AI, Cloud, and Data Centers. Modern workloads are both data- and compute-intensive and place significant demands on the underlying network. For instance, a typical AI job involves large, sparse matrix math, distributed across hundreds or thousands of AI accelerators (XPU, GPU, TPU, etc.) with intense computations for a period of time. This type of workload requires a high-bandwidth, scalable, lossless, and power-efficient network, based on open standards, to eliminate operational costs and complexities associated with proprietary approaches.

As a pioneer of leaf and spine networking for cloud and data centers, Arista's "AI Center" now delivers a unified, data-driven network architecture that integrates distinct connectivity layers to optimize time-to-first-job, AI job completion times, and XPU utilization/efficiency. This strategy addresses the massive bandwidth and traffic fidelity requirements of AI workloads through three specific domains:

- **Scale Up:** Currently dominated by proprietary technologies, this domain involves high-bandwidth, low-latency interconnects linking multiple XPUs within a single rack. We believe Scale Up represents a future incremental opportunity as the market shifts toward open standards like Ethernet for Scale Up Networks (ESUN).
- **Scale Out:** This network connects XPUs across multiple racks to support massive training or inferencing clusters. The industry trend toward replacing legacy, proprietary approaches, such as InfiniBand, with Ethernet, as defined by the Ultra Ethernet Consortium, creates an opportunity for us to gain share while enabling customers to scale from thousands to a million XPUs and beyond.
- **Scale Across:** Power and space constraints, along with the need for AI inference closer to the edge, are driving the need for distributed clusters spread across large geographic distances. Our Scale Across solutions deliver the capabilities necessary to enable long-distance routed access while accounting for factors such as packet loss and delays, as well as data security on the wire.

Networking for the AI Center



The Arista Etherlink portfolio comprises a family of over twenty products designed to support the diverse range of AI Scale Out and Scale Across use cases today and Scale Up in the future. Our portfolio of 800G switches, coupled with Arista's EOS innovations such as Smart System Upgrades (SSU), AI Analyzer, and optimal load-balancing, offers compelling solutions for contemporary AI applications and deployments. Arista also continues to be innovative in areas such as deep packet buffer architectures, virtual output queuing, non-disruptive upgrades, optics, reversible cooling, and overall system power efficiency. The Arista 7800R AI Spine, 7060 AI Leaf, and the 7700R4 Distributed Etherlink Switch ("DES") are designed to address the demanding scale and performance requirements of AI Scale Out, Scale Up and Scale Across networking.

Next Generation Campus and Routing

The traditional concept of a "campus" has been redefined in the post-pandemic world, and the boundaries between the office, home, teleworker, and user have converged. At the same time, the proliferation and sophistication of devices that connect the campus, such as smart devices, security cameras, and the Internet of Things ("IoT"), have grown dramatically. The

challenge lies in successfully transitioning the existing siloed campus into a data-driven, distributed campus with a common operating model, while addressing the growing security and availability needs.

Arista's cognitive campus portfolio was driven by customers seeking the same quality and operational efficiency available in the data center across their enterprise networks. We offer a robust set of solutions, ranging from modular and fixed-form-factor campus spine switches to Power-over-Ethernet ("PoE") leaf switches and Wi-Fi access points, all managed through CloudVision®.

Recently, we also added the VeloCloud SD-WAN portfolio, which complements our wired and wireless campus portfolio by enhancing the branch center by providing leading cloud-delivered SD-WAN solutions with integrated security. This portfolio of solutions offers expanded choice and enhanced performance for our customers, enabling global WAN services that seamlessly interconnect data centers and distributed campus offices.

Arista's Cloud-Grade Routing platforms, powered by EOS, combine high-performance routing, high port density, deep buffers, integrated dense wavelength division multiplexing (DWDM), and wire-speed encryption. Our 7280R4 Universal Leaf and 7500R3 and 7800R4 Universal Spine platforms serve a variety of use cases, including high-speed multi-cloud connect, Data Center Interconnect (DCI), controller-based traffic engineering, peering, business VPNs, core routing, and secure enterprise edge routing.

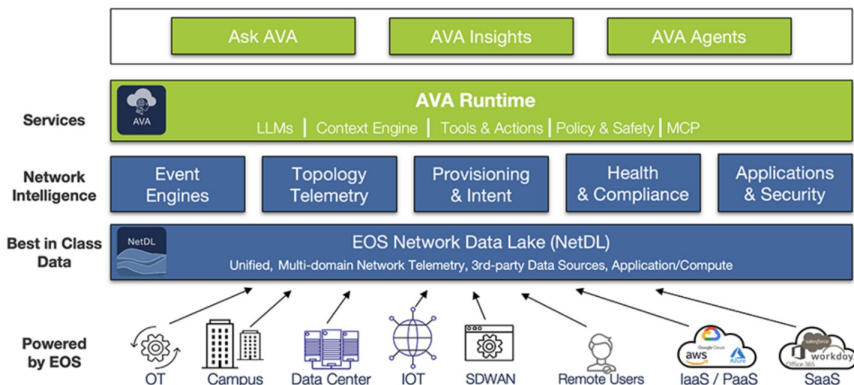
Software and Services: AI Ops, Management, Observability, Zero Trust Networking, and A-Care Services

The Arista EOS network architecture provides a foundational set of services for continuous streamed device state, telemetry, packet, flow, alert, sensor, and third-party data into an aggregated Network Data Lake ("Arista NetDL™"). NetDL makes these diverse datasets available via a single service endpoint, enhancing Arista and third-party applications and enabling customer-specific private clouds.

CloudVision is Arista's modern, multi-domain AI Ops and management platform that leverages cloud networking principles to deliver a simplified end-to-end network operations experience for our Enterprise market. Unlike traditional domain-specific management solutions, CloudVision enables consistent, zero-touch network operations across data centers, campus wired and wireless networks, routing interconnects, and multi-cloud networks, thus helping to break down the complexity of siloed management approaches.

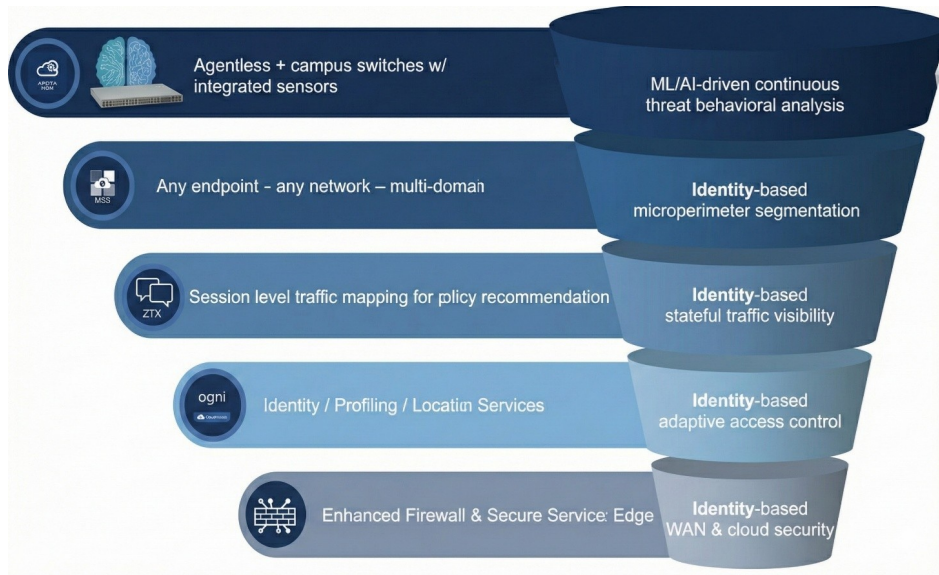
Arista AVA (autonomous virtual assist) is an agentic AI-enabled decision-support system that provides unprecedented visibility and responsiveness for network and security operations. It combines cloud scalability with the codified expertise of real-world professionals to proactively identify issues such as unusual connectivity jitter, failing optics, a lack of disk space, or network security threats, while reducing operational noise so teams can focus on the most impactful issues. AVA capabilities also expand to include automating provisioning changes and running network audits. With AVA agents, our goal is to alert users about potential network problems and pre-compute answers by anticipating the operator's questions. We thus attempt to significantly simplify network management for our customers and allow human operators to focus on high-level strategy and innovation, rather than mundane network operations.

Arista AI for Networking Stack



Zero trust architectures aim to mitigate the risks posed by cyber threats by eliminating the assumption that a device is trusted simply because it is on the “internal” network. However, this is easier said than done, given today’s changing definition of the network that spans campus, data center, cloud, and more. Adding multiple network security layers, such as firewalls, network access control, and threat detection, among others, comes with tremendous cost, complexity, and brittleness, whereas the benefits are often hard to quantify.

We offer a comprehensive suite of security solutions that align with the Cybersecurity and Infrastructure Security Agency’s Zero Trust Maturity Model and help organizations accelerate toward optimal zero trust maturity. Moreover, these network security controls can help address gaps in an organization’s zero trust posture across other domains such as identity, devices, workloads, and data.



We have designed our customer support offerings, Arista A-Care Services, to deliver high levels of support to our customers. Our global team of support engineers engages directly with client IT teams and is available by email, phone, or through our website.

We offer multiple service options, allowing our customers to select the product replacement service level that best meets their needs. We stock spare parts in over 200 locations worldwide through our third-party logistics suppliers. All our service options include unlimited access to bug fixes, new-feature releases, online case management, and our community forums.

The Arista Data-Driven Cloud Networking-as-a-Service Platform

The core of our cloud networking-as-a-service platform is our data-driven operating system, EOS®, which runs on top of standard Linux and offers programmability at all layers of the stack. System state and data are stored in EOS and maintained in a highly efficient, centralized system database where data is accessed via an automated publish/subscribe model. This distinct design principle provides module independence, self-healing resiliency, and multi-process software stability.

Our Competitive Strengths

- **Broad and Differentiated Portfolio:** Using best-of-breed merchant silicon, we deliver high-performance, purpose-built platforms with industry-leading capacity and designed to support a variety of customer needs, including low latency, high port density, deep packet buffers, and modular chassis. Our diagnostics and infrastructure service ("Netdi™) ensures these platforms deliver the highest quality levels with superior signal integrity and power efficiency.
- **Rich Software-Driven Networking-as-a-Service:** Our networking-as-a-service platform addresses the inherent limitations of legacy network architectures by relying on a single operating system (EOS), a single data lake (NetDL), and a single management solution (CloudVision). This strategy allows us to address a broad set of needs from client to cloud while maintaining feature consistency across our entire product portfolio. Unlike the competition, our modular, software-driven architecture enables us to partner closely with our customers and rapidly evolve our offerings to address changing needs while maintaining structural integrity and quality. Customers thus lower their total network operations costs with a modern operating model powered by capabilities such as streaming real-time telemetry, in-service software upgrades, and AI Ops.

- **Award-winning Support System:** Our Technical Assistance Center ("TAC") provides 24/7/365 support to reduce downtime, improve operational efficiency, and protect our customers' infrastructure. Our unwavering commitment to customer experience and deep collaboration has earned us an industry-leading Net Promoter Score, reflecting the trust our customers place in our hardware and software leadership.

Our Customers

Our customers include large cloud customers or Cloud and AI Titans, other internet and service providers, including specialty and AI Neoclouds, and a wide breadth of enterprise customers, including financial services organizations and government agencies. We continue to diversify the types of enterprise customers we serve and have expanded our presence across a wide spectrum of industries, including media and entertainment, healthcare, oil and gas, education, manufacturing and industrial sectors, among others. Two of our customers accounted for more than 10% of our sales for the year ended December 31, 2025. Sales to these two customers represented 26% and 16% of our total revenue for the year ended December 31, 2025, respectively.

Sales and Marketing

We market and sell our products through our direct sales force and in partnership with our channel partners, including distributors, value-added resellers, systems integrators and original equipment manufacturer ("OEM") partners. We also partner with various technology companies to sell our products. To facilitate channel coordination and increase productivity, we have established the Arista Partner Program, designed to engage partners who provide value-added services and extend our reach into the marketplace. Authorized training partners deliver technical training to our channel partners and end customers. Our partners typically receive an order from an end customer before placing an order with us, and we verify the end customer's identification before accepting such orders. Our partners generally do not stock inventory received from us.

Our sales organization is supported by systems engineers with deep technical expertise who are responsible for pre-sales technical support and solutions engineering for our customers, systems integrators, OEMs, and channel partners. In general, the personnel in our sales organization are organized into teams, and each team is responsible for a specific geographical territory, manages a number of major direct end-customer accounts, or has been assigned accounts in a particular vertical market. A pool of shared channel sales and marketing representatives also supports these teams.

Our marketing activities consist primarily of technology conferences, webinars, web marketing, trade shows, product demonstrations, seminars and events, public relations, analyst relations, demand generation and direct marketing to build our brand, increase customer awareness, communicate our product advantages and generate qualified leads for our field sales force and channel partners.

Research and Development

Our success relies on our foundation of deep engineering partnerships with our customers, which enables us to enhance existing products and develop new solutions and features that address changing customer needs and technological advancements. Our in-house engineering personnel are responsible for the development, testing, documentation, support and release of our products. We have a highly skilled team of software and hardware engineers with extensive experience in wired and wireless networking technologies, network protocols, network security, operating systems, programming languages, compilers, databases, hardware system design, Field-Programmable Gate Array ("FPGA") programming, high-speed signal integrity, and other related technologies.

Our research and development strategy focuses on advancing our core products and expanding into new markets while maintaining high product quality. We currently focus our research and development efforts in (1) adapting EOS for new and existing silicon architectures, especially to support the unique requirements of AI workloads; (2) adding or enhancing EOS control plane and management plane functionality; (3) expanding our CloudVision management stack with enhanced automation, provisioning, monitoring, and security capabilities; (4) building related services, such as microsegmentation, network detection and response ("NDR") and Network Access Control ("NAC"); (5) improving the security and scalability of our software development infrastructure and software supply chain; and (6) continuing to enhance our practice of delivering high hardware quality, reliability and power efficiency that serve to minimize operational costs for customers.

We have dedicated significant time and resources to automate testing and ensure high test pass rates. Our engineers work closely with our support team to resolve technical issues that customers experience with our products and use that information to continuously improve our practices. Collaboration with customers and other industry leaders is integral to our approach. Looking ahead, we plan to continue investing in our research and development efforts, thereby evolving and

extending the capabilities of our portfolio. This will ensure that our products continue to address dynamic market needs and solidify our industry leadership.

Manufacturing

We subcontract the manufacturing of the majority of our products to various contract manufacturers. Our primary manufacturing partners are Jabil Inc., Sanmina Corporation and Foxconn Hon Hai. These partners manufacture our products internationally in Malaysia, Vietnam, Mexico and other countries. We require all our manufacturing locations to be ISO-9001 certified. After manufacturing and testing, the products are shipped to direct fulfillment facilities in the United States, the Netherlands and Singapore for further transformation as needed and distribution. We have four direct fulfillment facilities worldwide to hold finished goods inventory and perform final product configuration and shipping to customers and partners. After distribution, our products are typically installed by customers or by third-party service providers such as system integrators or value-added resellers on their behalf.

Our contract manufacturing partners procure the components needed to build our products and assemble them according to our design specifications. This allows us to leverage the purchasing power of our contract manufacturing partners. We retain complete control over the bill of materials, qualified component suppliers, test procedures and quality assurance programs. Our personnel work closely with our partners and review forecasts, inventory levels, processes, capacity, yields and overall quality on an ongoing basis.

Our products rely on key components, including merchant silicon, integrated circuit components and power supplies, which are purchased from a limited number of suppliers, including certain sole source providers. We may also see increased consolidation among our component suppliers. In particular, we are primarily reliant upon our predominant merchant silicon vendor, Broadcom, for our switching chips. Generally, neither we nor our contract manufacturers have a written agreement with these component providers to guarantee the supply of the key components used in our products, nor do we have exclusive rights to such key components. Furthermore, our arrangements with contract manufacturers and suppliers typically do not impose purchase obligations for specific quantities beyond the amounts established in our submitted purchase orders or forecasts.

Our product development efforts also depend upon continued collaboration with our key suppliers, such as Broadcom. As we develop our product roadmap and continue to expand our relationships with these and other merchant silicon vendors, it is crucial that we collaborate closely with our key merchant silicon vendors to ensure that their silicon incorporates enhanced features and that our products leverage these improvements. This enables us to focus our development resources on core software competencies and leverage investments made by merchant silicon vendors to achieve cost-effective solutions.

Competition

The markets in which we participate are highly competitive and characterized by rapidly transforming technology, changing end-customer needs, evolving industry standards, frequent introductions of new products and services and industry consolidation. We expect competition to intensify in the future as the market for cloud and AI networking expands and existing competitors and new market entrants introduce new products or enhance existing products.

The data center and campus networking markets have historically been dominated by Cisco, with competition also coming from other large network equipment and system vendors, including Dell/EMC, Extreme Networks, Hewlett Packard Enterprise, Huawei, Juniper Networks, Nvidia, and white box networking vendors that utilize open-source operating systems. Most of our competitors and some strategic alliance partners have made acquisitions and/or have entered into or extended partnerships or other strategic relationships to offer more comprehensive product lines, including cloud networking solutions. For example, Broadcom has acquired VMware, Hewlett Packard Enterprise has acquired Juniper Networks and Nvidia has made significant investments in several AI Neoclouds. We often see that these types of acquisitions and strategic investments are used to influence buying decisions rather than allowing for the selection of a best-of-breed vendor.

With the emergence of AI networking, new competitive technologies may enter the market to address the requirements of AI clusters. Ethernet, faces competition from both InfiniBand ("IB") and NVLink interconnects for back-end AI networking clusters. IB has traditionally been used in supercomputer clusters due to its high reliability, low latency and high bandwidth. Both IB and NVLink are often sold as part of a vertical solution along with the GPUs from Nvidia.

We also face competition from other companies and new market entrants, current technology partners, and customers who may acquire or develop network switches and cloud service solutions for internal use and/or broaden their product portfolios to market and sell to customers. Some of these entities are developing white box networking products based on open-source network operating systems that may be provided for free using off-the-shelf or commoditized hardware technology

("white box" hardware). Others may adopt a disaggregated approach to the procurement of hardware and leverage their own proprietary software. The arrival of new market entrants and the rapid adoption of alternative technologies may create downward pricing pressure. Such shifts could result in lost sales and materially harm our operating results and financial condition.

In the NDR market, our Arista NDR offerings compete with other network security vendors including Cisco, Darktrace, and ExtraHop. In the network packet broker ("NPB") market, Arista DANZ Monitoring Fabric ("DMF") competes with Cisco, Gigamon, Keysight, Netscout and other network monitoring software providers.

Our relationships with our strategic alliance partners or suppliers may also shift as industry dynamics change. If strategic alliance partners acquire or develop competitive products or services, our relationship with those partners may be adversely impacted, which could lead to more variability in our results of operations and impact the pricing of our solutions.

The principal competitive factors applicable to our products include:

- breadth of product offerings and features;
- reliability and product quality;
- ease of use;
- pricing;
- total cost of ownership, including automation, monitoring and integration costs;
- performance and scale;
- programmability and extensibility;
- interoperability with other products;
- ability to be bundled with other vendor offerings;
- product availability and shipment lead times; and
- quality of service, support and fulfillment.

Intellectual Property

Our success and ability to compete depend substantially upon our core technology and intellectual property. We rely on patent, trademark and copyright laws, trade secret protection and confidentiality agreements with our employees, customers, resellers, systems integrators, manufacturers, and others to protect our intellectual property rights. We file U.S. and foreign patent applications to protect our intellectual property and we believe that the duration of our issued patents is adequate relative to the expected lives of our products. Patents generally have a duration of twenty years from filing. The remaining duration on the individual patents in our patent portfolio varies.

We cannot assure that any of our patent applications will result in the issuance of a patent or whether the examination process will result in patents of valuable breadth or applicability. In addition, any patents that may be issued may be contested, circumvented, found unenforceable or invalidated, and we may not be able to prevent third parties from infringing upon them. We also license software from third parties for integration into our products, including open-source software and other software available on commercially reasonable terms. We own a number of trademarks in the U.S. and other jurisdictions, and Arista, EOS, and CloudVision are among our core trademarks.

We control access to and use of our software, technology and other proprietary information through internal and external controls, including contractual protections with employees, contractors, customers and partners. Our software is protected by U.S. and international copyright, patent and trade secret laws. Despite our efforts to protect our software, technology and other proprietary information, unauthorized parties may still copy or otherwise obtain and use our software, technology and other proprietary information. In addition, we intend to expand our international operations, and effective patent, copyright, trademark and trade secret protection may not be available or may be limited in foreign countries.

Our industry is characterized by the existence of a large number of patents and frequent claims and related litigation regarding patents and other intellectual property rights. If we become more successful, we believe that competitors will be more likely to try to develop products that are similar to ours and that may infringe upon our proprietary rights. It may also be more

likely that competitors or other third parties will claim that our products infringe upon their proprietary rights. In particular, large and established companies in our industry have extensive patent portfolios and are regularly involved in both offensive and defensive litigation. From time to time, third parties, including certain large companies and non-practicing entities, may assert patent, copyright, trademark and other intellectual property rights against us, our channel partners or our end customers, whom our standard license and other agreements obligate us to indemnify against such claims.

Successful claims of infringement by a third-party, if any, could prevent us from distributing certain products or performing certain services, require us to spend time and money to develop non-infringing solutions or force us to pay substantial damages, royalties or other fees. We cannot assure that we do not currently infringe, or that we will not in the future infringe, upon any third-party patents or other proprietary rights.

Human Capital Management

At Arista, we seek to maintain an environment that is open and inclusive, and where our people feel valued and accountable. One of our key principles is always doing the right thing for our employees. We are committed to upholding the highest standards of professional and ethical conduct in our global business operations. As of December 31, 2025, Arista employed approximately 5,115 full-time employees worldwide. None of our employees are represented by unions. We also hire part-time employees and contractors to support our operations, and these service providers do not represent a material portion of our workforce. We consider our relationship with our employees to be good and have not experienced operational interruptions due to labor disagreements. Arista's Human Capital Strategy is developed by our Senior Leadership Team and led by our Group Vice-President of Worldwide Human Resources and Operations who presents human capital updates quarterly to our Board of Directors.

Arista is proud that its excellent culture and practices were widely recognized in 2025. Forbes magazine named Arista as one of America's Best Companies. Time Magazine named Arista as one of the World's Best Companies. Arista has been recognized by Comparably as one of the best large companies for culture, happiness, leadership and career growth as well as compensation. And Most Loved Workplace named Arista a Most Loved Workplace for Wellness and Volunteering.

Equal Opportunity

We seek to maintain an environment that encourages and supports equal opportunity, and where our employees feel valued. We conduct annual employee engagement surveys globally to gather information and feedback from our team members. We use a holistic organization-wide approach to respond to the results of the surveys, analyzing the data for potential actions and positive changes that can be taken in the areas of leadership, communication, culture, professional development and other areas. We strive to build an inclusive culture that encourages, supports and celebrates the voices of our employees. As part of the Arista way, we believe in treating peers with respect, mentoring individuals and developing teams for overall success.

We affirm the principle of equal employment opportunity without regard to any protected characteristic, including but not limited to race, religion, national origin, color, gender, age, disability, pregnancy, marital status, ancestry, military status or sexual orientation. We practice and promote such policies in all locations as appropriate under applicable law. We affirm this principle of freedom from discrimination in all aspects of the employment relationship from recruitment and hiring, through performance evaluations, compensation and promotions. At Arista, we believe that all employees should be treated with dignity and respect.

Arista is proud to be one of the few S&P 500 companies with both a female CEO and CFO.

Health and Safety

We are committed to protecting the health and safety of our employees, visitors, guests and the public. Our health and safety policy is to maintain our facilities and conduct our business operations in a manner that does not compromise the occupational safety of our employees. We have implemented our injury and illness prevention program to protect employees from occupational risks of injury or illness.

Compensation and Benefits

We offer competitive and comprehensive benefit packages that are designed to help and empower employees to make informed decisions for themselves, their families and their lifestyles. In the United States, we offer our employees an employee stock purchase plan, healthcare and retirement benefits, paid time off and family leave, flexible time away, family planning benefits, backup resources for childcare and elder care, and other employee assistance programs including behavioral health and

emotional support services. In addition to base salary and benefits, Arista's employees participate in stock and bonus incentive plans that support our organizational philosophy of allowing employees to share in our performance and success. Arista's compensation philosophy is to pay our employees based on their performance and contribution and impact to improving customer and shareholder success. We are committed to paying our employees fairly, equitably, and we work with a third party annually to identify and resolve any gaps. Our executive compensation program is designed to attract, retain, and reward performance and align incentives with the achievement of Arista's strategic plan and both short- and long-term operating objectives. Our compensation committee provides oversight of our compensation policies, plans, benefit programs and overall compensation philosophy.

Along with our traditional healthcare benefits, we offer a broad variety of physical and mental wellness offerings to our global employees in a virtual as well as on-demand format, including fitness classes, webinars on practical wellness takeaways, strategies for stress reduction, financial planning and education, career development and social activities. We also host periodic wellness weeks, whose purpose is to raise awareness on health issues, increase education on preventive medicine and available services and shift employee behavior through interactive activities and live presentations. We proudly support an active community employee engagement program, which provides opportunities for our employees to volunteer and participate in community service in support of the communities where they live, work, and thrive. We employ remote and hybrid work models for designated roles, giving our employees the flexibility to work offsite or onsite and annual survey our employees to gain valuable feedback and suggestions on improvements to our culture and strategy.

AI & Employee Training, Development and Upskilling

Arista has made AI skills development an enterprise-wide priority as we strive to embed AI in our everyday business processes to develop more efficient, higher quality and faster cycle times and responses to our customers and for the benefit of our shareholders. In 2025, employees participated in many general and department-specific live, webinar, and self-paced training to improve their overall and job-specific AI skills and capabilities. In addition, our employees receive regular training on various subjects, including our Code of Ethics and Business Conduct, information security, data privacy, intellectual property, insider trading, and anti-corruption. Our employees are required to complete Code of Ethics and Business Conduct and information security trainings every year. In addition, we provide extensive training and accreditation opportunities to employees in Sales, Customer Engineering and Software Research and Development roles including our Arista Certified Engineer ("ACE") certification program as well as mentorship programs. Additional career development content including management and leadership development training is available through our E-Learning portal to facilitate a culture of lifelong learning and allow employees to personalize their development. Our Technical employees can further upskill through our internal Arista Training Program, technical summits, and participation in industry conferences or associations.

Available Information

Our website is located at www.arista.com and our investor relations website is located at investors.arista.com. Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended ("Exchange Act"), are available free of charge on the Investors portion of our website as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission ("Commission"). The Commission maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the Commission at www.sec.gov.

Webcasts of our earnings calls and certain events we participate in or host with members of the investment community are on our investor relations website. Additionally, we announce investor information, including news and commentary about our business and financial performance, Commission filings, notices of investor events, and our press and earnings releases, on our investor relations website. Investors and others can receive real-time notifications of new information posted on our investor relations website by signing up for email alerts and RSS feeds. Further corporate governance information, including our corporate governance guidelines, board committee charters, and code of conduct, is also available on our investor relations website under the heading "Governance." The contents of our websites, or information that can be accessed through our websites, are not incorporated by reference into this Annual Report on Form 10-K or in any other report or document we file with the Commission, and any references to our websites are intended to be inactive textual references only.

Item 1A. Risk Factors

You should consider carefully the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K, which could materially affect our business, financial condition, results of operations and prospects. The risks described below are not the only risks facing us. Risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially affect our business, financial condition, results of operations and prospects.

Risk Factors Summary

Our business is subject to numerous risks and uncertainties. These risks include, but are not limited to, the following:

Risks Related to Our Business and Industry

- some of the key components in our products come from sole or limited sources of supply and increases the risk of supply shortages, extended lead times or supply changes;
- large purchases by a limited number of customers represent a substantial portion of our revenue;
- escalated or escalating United States (the "U.S.") tariffs as well as countermeasures and retaliatory actions taken by other countries, may have a negative effect on global economic conditions, financial markets and our business;
- adverse economic conditions, continuing uncertain economic conditions or reduced information technology and network infrastructure spending may adversely affect our business;
- our revenue and revenue growth rates are volatile and may decline or not meet our or our investor's expectations;
- we expect our gross margins to vary over time and may be adversely affected by numerous factors;
- our results of operations may vary significantly from period to period and can be unpredictable;
- the networking market is rapidly evolving;
- failure to successfully carry out new product and service offerings and expand into adjacent markets could adversely impact our business;
- we face intense competition and industry consolidation;
- we are subject to risks associated with the expansion of our international sales and operations;
- we face risks associated with the investments in and acquisitions of complementary companies, products or technologies;
- industry cyclicality may cause fluctuations in our revenue;
- fluctuations in currency exchange rates could adversely affect our business;
- failure to raise additional capital on terms satisfactory to us.

Risks Related to Customers and Sales

- inability to attract new large customers or sell additional products and services to our existing customers could adversely affect our revenue growth;
- sales of our switching and routing platforms generate most of our product revenue;
- inability to increase market awareness or acceptance of our new products and services may adversely affect our revenue;
- sales prices of our products and services may decrease;
- sales cycles can be long and unpredictable;
- inability to offer high quality support and services offerings could adversely affect our business;
- declines in maintenance renewals and support contracts by customers could harm our business;
- indemnification provisions under our standard sales contracts could expose us to losses;
- we rely on distributors, systems integrators and value-added resellers to sell our products;
- sales to government entities are subject to a number of challenges and risks;
- we are exposed to the credit risk of our channel partners and some of our end customers.

Risks Related to Products and Services

- product quality problems, defects, errors or vulnerabilities could harm our business;
- failure to anticipate technological shifts could harm our business;
- our products must interoperate with operating systems, software applications and hardware that is developed by others.

Risks Related to Supply Chain and Manufacturing

- insufficient component supply and inventory management;

- primarily reliant upon a predominant merchant silicon vendor;
- we depend on third-party manufacturers to build our products;
- future sales forecasts may materially change, which could result in incorrect levels of inventory and purchase commitments;
- shipment interruptions or delays could cause our revenue to fall.

Risks Related to Intellectual Property and Other Proprietary Rights

- assertions by third parties of intellectual property rights infringement, misappropriation or other violation could harm our business;
- failure or inability to protect or assert our intellectual property rights could harm our competitive position;
- we rely on the availability of licenses to third-party software and other intellectual property;
- failure to comply with licenses to software and other technology could restrict our ability to sell our products;
- our competitors could develop products that are similar to or better than ours because we provide access to our software and selected source code to certain partners.

Risks Related to Cybersecurity and Data Privacy

- defects, errors or vulnerabilities in our products, services and external facing or internal network systems, or the misuse of our products or services, or those of third parties on which we rely, could lead to cybersecurity incidents or a failure to detect cybersecurity incidents, or otherwise negatively impact our business;
- we, or third parties on which we rely, could experience cybersecurity incidents, which could disrupt our operations, cause vulnerabilities in our products or services, compromise intellectual property or other sensitive data, or otherwise negatively impact our business.

Risks Related to Accounting, Compliance, Regulation and Tax

- foreign investment laws and regulations, and other trade or regulatory barriers, may have a negative effect on global economic conditions, financial markets and our business;
- enhanced import/export restrictions, such as enhanced export controls the U.S. has adopted targeting trade with China, as well as countermeasures taken by affected countries may negatively affect our business;
- failure to maintain effective internal control over financial reporting could adversely affect the accuracy and timing of our financial reporting;
- if our critical accounting policies are based on incorrect assumptions, our results of operations could fall below analyst and investor expectations and result in a decline in the market price of our common stock;
- changes in our income taxes, effective tax rate or tax laws could adversely affect our results;
- failure to comply with government laws and regulations, including privacy laws, environmental laws and export controls could harm our business; and
- issues in the development and use of artificial intelligence, combined with an uncertain regulatory environment, may result in reputational harm, liability, or other adverse consequences to our business operations;

Risks Related to Ownership of Our Common Stock

- the trading price of our common stock has been and may continue to be volatile and the value of your investment could decline;
- any future decisions to reduce or discontinue repurchasing our common stock pursuant to our stock repurchase programs could cause the market price of our common stock to decline;
- insiders have substantial control over us;
- our charter documents and Delaware law could discourage takeover attempts and lead to management entrenchment.

General Risks

- we may become involved in litigation that may materially adversely affect us;
- inability to hire, retain, train and motivate qualified personnel and senior management could cause our business to suffer;
- natural disasters, social unrest, violent conflicts, systemic failures, and other catastrophic events could harm our business; and
- we have not paid dividends in the past and do not intend to pay dividends for the foreseeable future.

Risks Related to Our Business and Industry

Some of the key components in our products come from sole or limited sources of supply.

Our products rely on components that we purchase, or our contract manufacturers purchase on our behalf from a limited number of suppliers, including certain sole source providers. In particular, we are primarily reliant upon our predominant merchant silicon vendor, Broadcom, for our switching chips.

Our reliance on component suppliers yields the potential for the infringement, misappropriation or other violation of third-party intellectual property rights due to the incorporation of such components into our products. We may not be indemnified by such component suppliers for such infringement, misappropriation or other violation claims. Any litigation for which we do not receive indemnification could require us to incur significant legal expenses in defending against such claims or require us to pay substantial royalty payments or settlement amounts that would not be reimbursed by our component suppliers.

Our product development efforts are also dependent upon the success of our continued collaboration with our key merchant silicon vendors such as Broadcom. As we develop our product roadmap, we select specific merchant silicon from these vendors for each new product. It is critical that we work in tandem with these vendors to ensure that their silicon includes improved features, that our products take advantage of such improved features, and that such vendors are able to supply us with sufficient quantities on commercially reasonable terms to meet customer demand. Reliance on these relationships allows us to focus our research and development resources on our software core competencies while leveraging their investments and expertise. The merchant silicon vendors may not be successful in continuing to innovate, develop products that outperform their competitors or meet the requirements of our customers, meet deadlines for the release of their products or produce a sufficient supply of their products. Moreover, these vendors may not collaborate with us or may become competitive with us by selling merchant silicon for “white boxes” with open-source network operating systems or other products to our customers.

If our key merchant silicon vendors do not continue to innovate, develop products that outperform their competitors or fail to meet the requirements of our customers, if there are delays in the release of their products or supply shortages, if they no longer collaborate in such fashion or if such merchant silicon is not offered to us on commercially reasonable terms, our products may become less competitive, our own product launches could be delayed or we may be required to redesign our products to incorporate alternative merchant silicon, which could result in lost sales, reduce gross margins, damage to our customer relationships or otherwise have a material effect on revenue and business, financial condition, results of operations and prospects.

We expect large purchases by a limited number of customers to continue to represent a substantial portion of our revenue, and any loss, delay, decline or other change in expected purchases could result in material quarter-to-quarter fluctuations of our revenue or otherwise adversely affect our results of operations.

Large purchases by a relatively limited number of customers have accounted for a significant portion of our revenue. For example, sales to one end customer represented 16%, 15%, and 21% of our total revenue, and sales to the other end customer represented 26%, 20%, and 18% of our total revenue for the years ended December 31, 2025, 2024, and 2023, respectively. We have experienced unpredictability in the timing of orders from our large customers primarily due to the overall complexity of these large orders and changes in demand specific to these customers, including reductions in or changes in the mix of capital expenditures by these customers and the impact of cost reduction and other efficiency efforts by these customers. In addition, the variability in customer concentration is linked to the timing of new product deployments, and spending cycles with these customers, as well as the time it takes these customers to evaluate, test, qualify and accept our products and services, and we expect continued variability in our customer concentration and timing of sales on a quarterly and annual basis. In addition, we typically provide more favorable terms and conditions to large customers, than we typically do to other customers, including pricing discounts, bundled upgrades, extended warranties, acceptance terms, indemnification terms, and other rights, which may reduce gross margins for the period in which such sales occur.

Changes in the business requirements or focus, upgrade cycles, vendor selection, project prioritization, assignment of spending allocations among vendors based upon specific network roles or projects, financial prospects, lack of growth of our large customers, capital resources and expenditures or purchasing behavior and deceleration in spending of these customers could significantly decrease our sales to such customers or could lead to delays, reductions or cancellations of planned purchases of our products or services. In addition, an increased focus on the deployment of AI-enabled solutions by these customers has accelerated the need for advanced technology offerings, including some offerings from potential new market entrants. This prioritization of AI related infrastructure investment has at times come in conjunction with the announcement of

various cost reduction measures by such customers, including optimization and increased efficiency in non-AI related capital expenditures, which could negatively impact our revenue. In addition, although the focus on deployment of AI-enabled solutions has driven increased demand for networking, the long-term trajectory remains unknown. As such, demand estimates for our new products are difficult to forecast and can create volatility in our revenue. In some instances, such factors have had, and may continue to have, an impact on certain current or future projects and reduce our visibility to customer demand and may result in a reduction or uncertainty in the timing of orders from these large customers, which may negatively impact our revenue and increase the risk of excess and obsolete inventory charges on our products.

Moreover, because our sales are based primarily on purchase orders, some of our customers have previously and could continue to cancel, delay, reduce or otherwise modify their purchase commitments with little or no notice to us. These customers may decide to delay or cancel such orders for any reason. This limited visibility requires us to rely on estimated demand forecasts to determine how much material to purchase and product to manufacture. Further, extended supplier lead times on some newer technologies can create greater pressure on our ability to forecast future demand, which can lead to excess inventory or product shortages and to delays in fulfilling current and future purchase orders that can impede production by our customers and harm our customer relationships.

If any of the factors discussed above drive some of our large customers to cancel all or portion of their business relationships with us, the growth in our business and the ability to meet our current and long-term financial forecasts may be materially impacted. As a result, we may be unable to sustain or increase our revenue from our large customers, grow revenue with new or other existing customers at the rate we anticipate or at all, or offset a decline or discontinuation of concentrated purchases by our larger customers with purchases by new or existing customers. We expect that such concentrated purchases will continue to contribute materially to our revenue for the foreseeable future and that our results of operations may fluctuate materially as a result of such larger customers' buying patterns. In addition, we may see consolidation of our customer base, such as among Internet companies and cloud service providers, which could result in the loss of customers. The loss of such customers, or a significant delay or reduction in their purchases, including reductions or delays due to customer departures from recent buying patterns, or an unfavorable change in competitive or economic conditions could materially harm our business, financial condition, results of operations and prospects.

Escalated or escalating U.S. tariffs, as well as countermeasures and retaliatory actions taken by other countries, may have a negative effect on global economic conditions, financial markets and our business.

Our products are primarily manufactured in Malaysia, Vietnam, and Mexico, and we also procure a limited number of products originating from China, Taiwan, Thailand and the Philippines. In addition, our contract manufacturing partners procure some components from China for use in the manufacturing of our products. Because our products are primarily manufactured internationally, the import of our products into the U.S. may be affected by applicable tariff policies.

Over the last decade, and especially under the current administration, the U.S. government has enacted various new and increased tariffs affecting the import of various items from various countries. For example, since 2018, the U.S. government has enacted various tariffs on products from China under Section 301 trade authorities, including on communications equipment products and components manufactured and imported from China. Since February 2025, the U.S. has also imposed additional country-specific tariffs on most trading partners, including China, as well as additional commodity-specific tariffs on certain imported items, in both instances pursuant to executive orders issued under various trade authorities, including the International Emergency Economic Powers Act and Section 232 of the Trade Expansion Act of 1962.

In response to these and other U.S. measures, China, Mexico and other countries have taken or threatened to take a range of retaliatory measures. These include the imposition of retaliatory tariffs on certain U.S.-origin goods; the implementation of new export controls by China on various critical minerals, including rare earths metals; the scheduling of further retaliatory tariff measures; and other actions that may affect us directly or indirectly.

The situation regarding these tariffs and trade policies has been and continues to be fluid, leading to significant uncertainty about the future relationship between the U.S., and other countries, with respect to tariffs and trade policies.

The U.S., China, Malaysia, Vietnam, Mexico, Taiwan, Thailand, the Philippines and other governments may place additional tariffs and trade barriers on communication equipment products, our products and services, our inputs, or other items, which could result in higher costs to us and negatively affect our gross margins.

An increase in trade-related costs associated with these tariff actions may affect our cost of production, impair the profitability of our international production, affect our ability to procure certain items, strain our suppliers' ability to provide

inputs necessary to produce certain items, and otherwise affect our manufacturing partners' ability to provide our products at previously contracted prices. We also may not be able to pass on the full burden of the increase in trade-related costs to our partners and/or customers which could impact our profitability and/or our competitiveness. We are adjusting our supply chain and manufacturing practices to minimize the impact of the tariffs and any impact on the supply chain of components sourced from affected countries, but our efforts may not be successful. In addition, there can be no assurance that we will not experience a disruption in our business related to these or other changes in trade practices, and the process of changing suppliers in order to mitigate any such tariff costs could be complicated, time-consuming, and costly.

Tariffs may also cause customers to delay or to request an expedition for their orders as they evaluate where to take delivery of our products in connection with their efforts to mitigate their own tariff exposure. Such delays or expeditions may create forecasting difficulties for us and increase the risk that orders might be canceled or might never be placed. Current or future tariffs may also negatively impact our customers' sales, thereby causing an indirect negative impact on our own sales. Even in the absence of further tariffs, the related uncertainty and the market's fear of escalating trade tensions and related macroeconomic effects might cause our distributors and customers to place fewer orders for our products, which could have a material adverse effect on our business, liquidity, financial condition, and/or results of operations.

Adverse economic conditions, continuing uncertain economic conditions or reduced information technology and network infrastructure spending may adversely affect our business, financial condition, results of operations and prospects.

Our business depends on the overall demand for information technology, network connectivity and access to data and applications. Weak domestic or global economic conditions and continuing economic uncertainty, fear or anticipation of such conditions, a recession, geopolitical pressures, including international trade disputes, changes in tariff policies, global pandemics, a reduction in information technology and network infrastructure spending or a deterioration of the financial performance, condition or prospects of our customers, could adversely affect our business, financial condition, results of operations and prospects in a number of ways, including longer sales cycles, reduced demand or lower prices for our products and services, higher default rates among our channel partners, reduced unit sales and lower or no growth. In addition, the global macroeconomic environment has been negatively affected by, among other things, the uncertainty in the global banking and financial services markets, epidemics, instability in global economic markets, changes in government administration and policy positions, increased uncertainty associated with recent scheduled, threatened and/or anticipated increases in tariffs and other trade barriers, inflationary pressures, higher interest rates, instability in the global credit markets, the impact and uncertainty regarding global central bank monetary policy, instability, tension and conflict in the geopolitical environment, and foreign governmental debt concerns which have caused, and are likely to continue to cause, uncertainty and instability in local economies and in global financial markets. In addition, a government shutdown or a default by the U.S. government on its debt obligations, or related credit-rating downgrades could also have adverse effects on the broader global economy and contribute to, or worsen, an economic recession.

We believe that any extended or renewed economic disruptions or deterioration in the global economy could have an adverse impact to our liquidity or to our current and projected business operations, financial condition or results of operations. For example, if banks or other financial institutions with whom we have banking relationships or whose corporate bonds are held in our marketable securities investment portfolio, enter receivership or become insolvent in the future, we may be unable to access, and we may lose some of our existing cash, cash equivalents and investments to the extent those funds are not insured or otherwise protected by the Federal Deposit Insurance Corporation ("FDIC"). In addition, in such circumstances we might not be able to timely pay key vendors and others. We regularly maintain cash balances that are not insured or are in excess of the FDIC's insurance limit. Any delay in our ability to access our cash, cash equivalents and investments (or the loss of such funds) or to timely pay key vendors and others could have a material adverse effect on our operations and cause us to need to seek additional capital sooner than planned. Furthermore, a downturn or a recession may also significantly affect financing markets, the availability of capital and the terms and conditions of any financing arrangements, including the overall cost of financing as well as the financial health or creditworthiness of our customers. Circumstances may arise in which we need, or desire, to raise additional capital, and such capital may not be available on commercially reasonable terms, or at all.

In addition, business disruptions and supply chain and manufacturing disruptions may result in customers delaying or canceling or reprioritizing capital expenditures on information technology and network infrastructure, which may affect the overall demand for our products. We also believe that our customers continue to assess the impact of macroeconomic factors on their business and future investment plans, resulting in business uncertainty. Continuing or worsening economic instability or the deterioration of the financial performance, condition or prospects of our customers could result in a cancellation of, or

defaults in the payments for, such orders or otherwise adversely affect spending for IT, network infrastructure, systems and tools, and limit our ability to forecast future demand for our products, which could reduce expected revenue or result in a write-down of excess or obsolete inventory.

We have entered into significant purchase commitments and are susceptible to supply shortages, extended lead times or supply changes, which could disrupt or delay our scheduled product deliveries to our customers and may result in the loss of sales and customers.

Generally, we do not have guaranteed supply contracts with our component suppliers. Our suppliers have, or in the future could continue to, suffer shortages, require longer lead times, delay shipments, prioritize shipments to other vendors, reject, or decommit orders, increase prices, impose expedite fees or cease manufacturing their products or selling them to us at any time. Supply of these components worldwide was and could continue to be adversely affected by supply constraints, including as a result of industry consolidation and geopolitical conditions such as international trade restrictions and increased political tensions. For example, we see tightening supply conditions in the memory market. Although we have taken steps to mitigate these constraints, resulting shortages, increased lead times, reduced component allocations, and/or order decommitments may still adversely impact our revenue and gross margins.

Although we have entered into significant purchase commitments to support long-term customer demand, if we are unable to obtain sufficient quantities of any of these components on commercially reasonable terms or in a timely manner, or if we are unable to obtain alternative sources for these components, shipments of our products could be delayed or halted entirely, or we may be required to redesign our products. Any of these events could result in the cancellation of orders, lost sales, reduced gross margins or damage to our customer relationships, which would adversely impact our business, financial condition, results of operations and prospects. Additionally, if our suppliers do not meet their commitments, customers cancel orders or actual demand is less than our demand forecasts, it could result in excess or obsolete inventory, which we would be required to write down to its estimated realizable value, which in turn could impact our cash flows and result in lower gross margins and operating income.

In the event of a shortage or supply interruption from our component suppliers, we may not be able to develop alternate or second sources in a timely manner. Further, long-term supply and maintenance obligations to customers increase the duration for which specific components are required, which may increase the risk of component shortages or the cost of carrying inventory. In addition, our component suppliers change their selling prices frequently in response to market trends, including industry-wide increases in demand such as has occurred in the market for memory, or charge additional fees to expedite orders, and because we do not have contracts with these suppliers or guaranteed pricing, we are susceptible to availability or price fluctuations related to raw materials and components. If we are unable to pass component price increases along to our customers or maintain stable pricing, our gross margins could be adversely affected and our business, financial condition, results of operations and prospects could suffer.

Our revenue and revenue growth rates are volatile and may decline or not meet our or our investors' expectations.

Our revenue growth rates in previous periods may not be indicative of our future performance. We have experienced annual revenue growth rates of 28.6%, 19.5%, 33.8%, and 48.6% in 2025, 2024, 2023 and 2022, respectively. In the future, our revenue growth rates will continue to be volatile due to cyclical trends in our business, and as we become more embedded with our existing customer base and product markets and look to enter and expand into new markets. Our growth strategy relies on maintaining our agility and increasing our investment in research and development to deliver market-leading features to enhance the functionality of existing cloud networking platform, expand our product offerings and build upon our technology leadership. We must continue to expand our product offerings and build upon our technology leadership. In addition we must continue to expand our global sales force and deepen our channel partnerships to reach new customers more effectively and increase sales to existing customers. An increase in customer trials and contracts with acceptance provisions, and an increase in the volatility and magnitude of our product deferred revenue balances, have created variability in our revenue. Any delays in acceptance, or rejection, or any return, of those products could further negatively impact our revenue. We have also previously experienced supply constraints that have resulted in manufacturing and shipment delays, which have negatively affected the timing of revenue recognition. If these manufacturing and supply chain disruptions recur and/or if we are unable to reduce our lead times it could also result in the cancellation of orders by customers, reduce demand from existing customers in future periods, and increase difficulty in adding new customers. Other factors may also contribute to declines in our revenue growth rates, including changes in demand for our products and services, particularly from our large customers, the deterioration of the financial performance, condition or prospects of our large customers, changes in capital spending by our large customers,

increased competition, price sensitivities from our customers to increases in our pricing, our ability to successfully manage our expansion or continue to capitalize on growth opportunities, the maturation of our business, geopolitical pressures, macroeconomic conditions, recession risks and monetary policy shifts, and our ability to be successful in the AI market and adjacent markets, such as campus switching, Wi-Fi networking markets and network security markets. Recent technologies, such as generative and agentic AI models, have emerged, and while they have driven increased demand for networking, the long-term trajectory of such technologies is unknown and it is difficult for us to predict the demand for such new technologies. Customers may overestimate demand for their AI build outs and cancel, delay, reduce or otherwise modify their purchase commitments with little or no notice to us. Customers may also implement changes to their network architecture to improve efficiencies and reduce demand for our products. As such, demand estimates for our new products are difficult to forecast and create volatility in our revenue. In addition, given the timing and prioritization of customer orders and shipment patterns, near-term revenue trends may not be reflective of current demand levels. Furthermore, any prolonged economic disruptions or deterioration in the global economy could have a negative impact on demand from our customers in future periods, particularly in the enterprise market where we are continuing to expand our penetration, which may result in reductions in overall demand from these customers in future periods and negatively impact our revenue, financial condition, business or prospects. You should not rely on our revenue for any prior quarterly or annual period as an indication of our future revenue or revenue growth. If we are unable to maintain consistent revenue or revenue growth, our business, financial condition, results of operations and prospects could be materially adversely affected, and our stock price could be volatile.

We expect our gross margins to vary over time and may be adversely affected by numerous factors.

We expect our gross margins to vary over time and the gross margins we have achieved in recent years may not be sustainable and may be adversely affected in the future by numerous factors, including but not limited to pricing pressure on our products and services due to competition, the ability of more fully integrated competitors to bundle their networking products with other products, or utilize proprietary silicon in their products, the mix of sales to large customers who generally receive lower pricing, the mix of products sold, manufacturing-related costs, including costs associated with sourcing key components from sole or limited suppliers and potential changes to our manufacturing and supply chain to respond to international trade tensions, supply chain sourcing activities, merchant silicon costs, excess/obsolete inventory and supplier liability charges, and fees to expedite supplier components and costs related to tariffs from our products that are manufactured internationally. In addition, other factors that may impact our gross margins over time include the introduction of new products and new business models including the sale and delivery of more software and subscription solutions, entry into new markets or growth in lower margin markets, entry in markets with different pricing and cost structures, pricing discounts given to customers, costs associated with defending intellectual property rights infringement, misappropriation or other violation claims and the potential outcomes of such disputes, increased costs arising from epidemics, changes in distribution channels, increased warranty costs, and our ability to execute our operating plans. In addition, inflationary pressures and shortages, such as the recent tightening of supply conditions in the memory market, have increased and may continue to increase costs for certain materials, components, supplies and services. As a result of cost inflation in our supply chain, we have implemented targeted price increases from time to time. However, these price increases could result in a decrease in demand for our products which would decrease revenue. In addition, if our business were subject to sustained economic stress or recession, many of the risk factors identified in this risk factors section could be heightened. We determine our operating expenses largely on the basis of anticipated revenue and a high percentage of our expenses are fixed in the short and medium term. As a result, a failure or delay in generating or recognizing revenue could cause significant variations in our operating results and operating margin from quarter to quarter. Failure to sustain or improve our gross margins reduces our profitability and may have a material adverse effect on our business and stock prices.

Our results of operations have varied significantly from period to period and are unpredictable and if we fail to meet the expectations of analysts or investors or our previously issued financial guidance, or if any forward-looking financial guidance does not meet the expectation of analysts or investors, the market price of our common stock could decline substantially.

Our results of operations have historically varied from period to period, and we expect that this trend will continue, which could cause the market price of our common stock to be volatile. As a result, you should not rely upon our past financial results for any period as indicators of future performance. Our results of operations in any given period have been and could continue to be influenced by a number of factors, many of which are outside of our control and may be difficult to predict, including:

- disruptions in our business due to general economic and market conditions, such as recessionary risks and a global economic downturn, international trade tensions and tariff policies, higher interest rates, monetary policy shifts, inflationary pressures, supply chain and labor shortages, changes in government administration, and geopolitical pressures;
- our inability to fulfill our customers' orders or the deferral, reduction or cancellation of orders due to the delays in shipment of our products for any reason;
- the reduction in future demand for our products by our customers or increased difficulty in adding new customers due to the unavailability or unpredictable supply of inventory, supply chain delays, access to key commodities or technologies, manufacturing disruptions or other events that impact our manufacturers or their suppliers;
- a reduction, or uncertainty in the timing, of orders from our large customers;
- announcements by us or other competitors of new products or product enhancements, warranty returns, general economic conditions or other factors;
- our ability to increase sales to existing customers and attract new customers, including large customers;
- the budgeting, sales, implementation and refresh cycles, purchasing practices, technology roadmaps and priorities and buying patterns of customers;
- changes in the growth rates of existing or new customers and the networking market the deterioration of the financial performance, condition or prospects of existing or new customers, including large customers and service providers, changes in end-customer, distributor or reseller;
- the inclusion of any acceptance provisions in our customer contracts and increased customer trials, and any delays in acceptance, or rejection, or any return, of those products;
- increased expenses resulting from increases in component, production and logistics costs resulting from factors such as global inflationary pressures, or the tariffs imposed by the U.S. on goods from other countries and tariffs imposed by other countries on U.S. goods;
- changes in our pricing policies, whether initiated by us or as a result of competition;
- the amount and timing of operating costs and capital expenditures related to the operation and expansion of our business such as those expenses related to construction of a new building in Santa Clara, California;
- difficulty forecasting, budgeting and planning due to limited visibility into the spending plans of current or prospective customers;
- excess or obsolete inventory resulting in write-downs and charges related to supplier liabilities;
- the actual or rumored timing and success of new product and service introductions by us or our competitors or any other change in the competitive landscape of our industry, including consolidation among our competitors or customers;
- our ability to successfully expand our business domestically and internationally;
- our ability to increase the size and production of our sales or distribution channel, or any disruption in, or termination of, our sales or distribution channels;
- decisions by potential customers to purchase our networking solutions from larger, more established vendors, white box vendors with open-source network operating systems or their primary network equipment vendors;
- insolvency or credit difficulties confronting our customers, which could adversely affect their ability to purchase or pay for our products and services, or confronting our key suppliers, including our sole source suppliers, which could disrupt our supply chain;
- cyclical fluctuations in our markets; and
- other risk factors described in this filing.

Any one of the factors above or the cumulative effect of several of the factors described above may result in significant fluctuations in our financial and other results of operations and may cause the market price of our common stock to decline. This variability and unpredictability could result in our failure to meet our revenue, gross margins, results of operations or other expectations contained in any forward-looking financial guidance we have issued or the expectations of securities analysts or investors for a particular period. If we fail to meet or exceed such guidance or expectations for these or any other reasons, the market price of our common stock could decline substantially, and we could face costly lawsuits, including securities class action suits. In the past, we have failed to meet investor expectations and the market price of our common stock declined.

The networking market is rapidly evolving. If this market does not evolve as we anticipate or our target customers do not adopt our networking solutions, we may not be able to compete effectively, and our ability to generate revenue will suffer.

A substantial portion of our business and revenue depends on the growth and evolution of the networking market, including the market for AI networks and the future deployment of Ethernet networking solutions in these AI networks. The market demand for networking solutions has increased in recent years as customers have deployed larger, more sophisticated networks and have increased the use of virtualization and cloud computing. The continued growth of this market will be dependent upon many factors including but not limited to the demand for our customers' products and services, the expansion of our customers' networks, the capacity utilization of existing network infrastructures, changes in the technological requirements for the products and services to be deployed in these networks, the amount and mix of capital spending by our customers, including any changing technology priorities such as the deployment of AI and related technologies, the development of network switches/routers and cloud service solutions by our large customers for internal use, the financial performance and prospects of our customers, the availability of capital resources to our customers, changes in government regulation that could impact networking business models including those regulations related to AI, cybersecurity, privacy, data protection and net neutrality, our ability to provide networking solutions that address the needs of our customers more effectively and economically than those of other competitors or existing technologies and general economic conditions.

In particular, recent technologies, such as generative and agentic AI models, have emerged, and while they have driven increased demand for networking, the market is rapidly changing, and the long-term trajectory is unknown. Customers may overestimate demand for their AI build outs and cancel, delay, reduce or otherwise modify their purchase commitments with little or no notice to us. In addition, customers may implement changes to their network architectures to improve efficiencies and reduce demand for our products. As such, demand estimates for our new products are difficult to forecast and create volatility in our revenue and inventory levels. If the AI market does not develop as anticipated or at all, then the potential demand for AI infrastructure may not be realized. Moreover, even if the market for AI applications does develop, the successful adoption of AI Ethernet products will be dependent upon their ability to compete against more established InfiniBand products or against the AI Ethernet products of other competitors to address AI networking clusters.

If the networking solutions market including the AI Ethernet market does not develop in the way we anticipate or otherwise experiences a slowdown, if our solutions do not offer benefits compared to competing networking products or if customers do not recognize the benefits that our solutions provide, then our business, financial condition, results of operations and prospects could be materially adversely affected.

We pursue new product and service offerings and expand into adjacent markets, and if we fail to successfully carry out these initiatives, our business, financial condition, or results of operations could be adversely impacted.

We have made substantial investments to develop new products and services, make enhancements to existing products, and expand our product offerings through our acquisitions and internal research and development efforts. If we are unable to anticipate technological changes in our industry by introducing new, enhanced or expanded products and services in a timely and cost-effective manner or if we fail to introduce products and services that meet market demand or gain market share, we may lose our competitive position, our products may become obsolete, and our business, financial condition or results of operations could be adversely affected. For example, with our most recently introduced 800 GbE, AI focused Ethernet products and AI-Driven Campus and Branch Networking Offerings, our ability to maintain our competitive position with our customers will depend on our ability to deliver these new products in a timely manner, our customers' acceptance of these products and the growth of the markets that these products serve. In addition, the evaluation, testing and qualification of our new products by our customers may be lengthy and may require increased customer trials and contracts with acceptance clauses, which delay revenue recognition and may negatively impact our revenue.

We remain in a period of new product introductions, adding new customers and expanded use cases, particularly in the AI Ethernet market. This has resulted in increased customer trials and contracts with acceptance periods, and an increase in the volatility and magnitude of our product deferred revenue balances, which in turn may create variability in our revenue results on a quarterly and annual basis. In addition, if we are not able to satisfy the requirements under customer trials or contracts with acceptance periods, we may be required to accept product returns from our customers, which would prevent us from recognizing revenue on such transactions and may result in the write-down of inventory.

Additionally, from time to time, we invest in expansion into adjacent markets, including campus and Wi-Fi networking, AI networking, cloud and enterprise routing markets, network security markets and SD-WAN markets. Although we believe these solutions are complementary to our current offerings, we have less experience and a more limited operating history in these markets, and our efforts in this area may not be successful. Expanding our services in existing and new markets and increasing the depth and breadth of our presence imposes significant burdens on our marketing, compliance, and other

administrative and managerial resources. In addition, the markets for our products, particularly the AI Ethernet segment, are characterized by rapid evolution and volatility; consequently, these markets may experience significant fluctuations, including prolonged slowdowns, cyclical contractions, or the correction of speculative bubbles that could adversely affect demand. Our plan to expand and deepen our market share in our existing markets and possibly expand into additional markets is subject to a variety of risks and challenges. Our success in these new markets depends on a variety of factors, including but not limited to our ability to develop new products, product features and services that address the customer requirements for these markets, attract a customer base in markets in which we have less experience, compete with new and existing competitors in these adjacent markets, and gain market acceptance of our new products. In addition, when we introduce new products, we expect that it will take time for manufacturing to ramp production and fulfill customer demand.

Developing our products is expensive, and the investment in product development typically involves a long payback cycle. We expect to continue to make substantial investments to introduce new products and services and enhance the functionality of our existing cloud networking platform through investments in our research and development organization, and investments in or acquisitions of complementary companies, products and technologies to expand our product offerings and build upon our technology leadership. We expect that our results of operations will be impacted by the timing and size of these investments. These investments may take several years to generate positive returns, if ever.

Additionally, future market share gains may take longer than planned and cause us to incur significant costs. If we are unable to attract new large customers or to sell additional products and services to our existing customers, our revenue growth will be adversely affected, and our revenue could decrease. Difficulties in any of our new product development efforts or our efforts to enter adjacent markets could adversely affect our operating results and financial condition.

We face intense competition, especially from larger, well-established companies and industry consolidation may lead to increased competition, which may harm our business, financial condition, results of operations and prospects.

The markets in which we compete, including the markets for data center, campus networking, network visibility and security and AI, are intensely competitive, and we expect competition to increase in the future from established competitors, industry consolidation and new market entrants. This competition has resulted in increased pricing pressure, which could result in reduced profit margins, increased sales and marketing expenses and the loss of market share, any of which would likely harm our business, financial condition, results of operations and prospects.

The data center and campus networking markets have been historically dominated by Cisco, with competition also coming from other large network equipment and system vendors, including Dell/EMC, Extreme Networks, Hewlett Packard Enterprise, Huawei, Nvidia and white box networking vendors utilizing open-source operating systems. Most of our competitors and some strategic alliance partners have made acquisitions and/or have entered into, or extended, partnerships or other strategic relationships to offer more comprehensive product lines, including cloud networking solutions and network security. For example, Cisco acquired Acacia Communications, Broadcom acquired Brocade Communications and VMware, Dell acquired Force10 Networks, Hewlett Packard Enterprise acquired Juniper Networks, and Nvidia has made significant investment in several AI Neoclouds. Moreover, large system vendors are increasingly seeking to deliver vertically integrated cloud networking solutions to customers that combine cloud-focused hardware and software solutions as an alternative to our products. We expect this trend to continue as companies attempt to strengthen their market positions in an evolving industry and as companies are acquired or are unable to continue operations. Industry consolidation may result in stronger competitors that are better able to compete with us, and this could lead to more variability in our results of operations and could have a material adverse effect on our business, the pricing of our solutions, financial condition, results of operations and prospects.

We also face competition from other companies and new market entrants, including current technology partners, suppliers and customers or other cloud service providers who may acquire or develop network switches and cloud service solutions for internal use and/or to broaden their portfolio of products to market and sell to customers. Some of these competitors are developing "white box" networking products based on open-source network operating systems that may be provided for free and off-the-shelf or commoditized hardware technology, or "white box" hardware, while other competitors may adopt a disaggregated approach to the procurement of hardware and their proprietary software. Customers may also increase their adoption of networking solutions based upon open-source network operating systems that may be provided for free and used either on "white box" or proprietary hardware. As new markets emerge like AI, we expect the field to remain intensely competitive as our competitors have made significant investments in such new markets. In addition, we have not established broad market awareness or acceptance of our AI Ethernet products that will compete against more established InfiniBand products or against the AI Ethernet products of other competitors. Furthermore, the entrance of new competitors into

our markets or the increased adoption of these new technology solutions or consumption models may cause downward pricing pressures, result in lost sales or otherwise have a material adverse effect on our business, prospects, financial condition and operating results.

Our relationships with our strategic alliance partners or suppliers may also shift as industry and market dynamics change. If strategic alliance partners acquire or develop competitive products or services, our relationship with those partners may be adversely impacted, which could lead to more variability to our results of operations and impact the pricing of our solutions.

Many of our existing and potential competitors enjoy substantial competitive advantages, such as greater name recognition and longer operating histories, larger sales and marketing budgets and resources, broader distribution and established relationships with channel partners and end customers, the ability to leverage their sales efforts across a broader portfolio of products, the ability to bundle competitive offerings with other products and services or to reduce the price of products and services that compete with ours in order to promote the sale of other products or services, the ability to develop their own silicon chips, the ability to set more aggressive pricing policies, lower labor and development costs, greater resources to make acquisitions, larger intellectual property rights portfolio, and substantially greater financial, technical, research and development or other resources.

In addition, large competitors may have more extensive relationships with and within existing and potential customers that provide them with an advantage in competing for business with those customers or may have a dominant market position in certain markets that they can utilize to leverage sales of their Ethernet switching and routing products. For example, certain large competitors encourage customers of their other products and services to adopt their data networking solutions through discounted bundled product packages. Our ability to compete will depend upon our ability to provide a better solution than our competitors at a more competitive price. We may be required to make substantial additional investments in research, development, marketing and sales in order to respond to competition, and we cannot assure you that these investments will achieve any returns for us or that we will be able to compete successfully in the future.

We also expect increased competition if our market continues to expand. As we continue to expand globally, we have seen and continue to see new competition in different geographic regions. In particular, we have experienced and could continue to experience price-focused competition from competitors in Asia, especially from China. As we expand into new markets, we will face competition not only from our existing competitors but also from other competitors, including existing companies with strong technological, marketing, and sales positions in those markets, as well as those with greater resources, including technical and engineering resources, than we do. Conditions in our market could change rapidly and significantly as a result of technological advancements or other factors.

We are subject to a number of risks associated with the expansion of our international sales and operations.

Our ability to grow our business and our future success will depend to a significant extent on our ability to expand our operations and customer base worldwide. Many of our customers, resellers, partners, suppliers and manufacturers operate around the world. Operating in a global marketplace, we are subject to risks associated with having an international reach and compliance and regulatory requirements. Our international operations are subject to a number of additional risks, including the following:

- ability to establish necessary business relationships and to comply with local business requirements, including distributor and reseller relationships;
- greater difficulty in enforcing contracts and accounts receivable collection and longer collection periods and non-standard terms with customers related to payment, warranties or performance obligations;
- increased management complexity involved in, and expenses incurred in establishing and maintaining our international operations;
- deterioration of political relations between the U.S. and China, Canada, Mexico, Russia and the European Union ("EU"), including increased trade and tariff related disputes changes in trade controls, economic sanctions, foreign investment laws and regulations, or other international trade regulations, all of which have generally recently trended toward increasing breadth and complexity, and which may affect our ability to import or export our products to and from various countries;
- fluctuations in exchange rates between the U.S. dollar and foreign currencies where we do business;
- general economic and political conditions in these foreign markets;
- global macroeconomic conditions, including recessionary cycles;

- U.S. and foreign legal requirements, including those relating to anti-corruption, anti-bribery, foreign investment, telecommunications, cybersecurity, supply chain integrity, privacy, data protection and AI and cloud technology;
- government trade restrictions and compliance, related to the exportation, re-exportation, sale, shipment or other transfer of programming, technology, components, and/or services to foreign persons;
- unexpected changes in regulatory practices, tariffs and tax laws and treaties;
- possible deterioration in relations between Taiwan and China, and other factors affecting military, political, or economic conditions in Taiwan or elsewhere in Asia;
- the uncertainty of protection and enforcement for intellectual property rights in some countries; and
- heightened risk of unfair or corrupt business practices in certain geographies and of improper or fraudulent sales arrangements that may impact financial results and result in restatements of, or irregularities in, financial statements.

These and other factors could harm our ability to gain future international revenue and, consequently, materially affect our business, financial condition, results of operations and prospects. Expanding our existing international operations and entering additional international markets will require significant management attention and financial commitments. Our failure to successfully manage our international operations and the associated risks effectively could limit our future growth or materially adversely affect our business, financial condition, results of operations and prospects.

New and changing laws, regulations, executive orders, directives, and enforcement priorities can adversely affect the Company's business by increasing the Company's costs, limiting the Company's ability to continuously navigate global supply chain options in lieu of optimizing tariff outcomes, offer a product or service to customers in a timely manner, impacting customer demand for the Company's products and services, and requiring changes to the Company's business or supply chain. New and changing laws, regulations, executive orders, directives, and enforcement priorities can also create uncertainty about how such laws and regulations will be interpreted and applied.

We have invested and may continue to invest in or acquire other businesses which could require significant management attention, disrupt our business, dilute stockholder value and adversely affect our business, financial condition, results of operations and prospects.

As part of our business strategy, we have made and could continue to make investments in complementary companies, products or technologies which could involve licenses, additional channels of distribution, discount pricing or investments in or acquisitions of other companies. For example, we completed the acquisition of VeloCloud in June 2025 which required management to focus efforts on integrating the VeloCloud business with the Company. In addition, the privately held companies in which we invest are in the startup or development stages. These investments are inherently risky because the markets for the technologies or products these companies are developing are typically in the early stages and may never materialize, and we could lose our entire investment in these companies. We may not be able to find suitable investment or acquisition candidates and we may not be able to complete such investments or acquisitions on favorable terms, if at all. If we do complete investments or acquisitions, we may not ultimately strengthen our competitive position or achieve our goals, and any investments or acquisitions we complete could be viewed negatively by our customers, investors and securities analysts. Through acquisitions, we continue to expand into new markets and we may experience challenges in entering into new markets for which we have not previously manufactured and sold products, including facing exposure to new market risks, difficulty achieving expected business results due to a lack of experience in new markets, products or technologies or the initial dependence on unfamiliar distribution partners or vendors.

In addition, investments and acquisitions may result in unforeseen operating difficulties and expenditures. If we are unsuccessful at integrating any acquisitions or retaining key talent from those acquisitions, or the technologies associated with such acquisitions, into our company, the business, financial condition, results of operations and prospects of the combined company could be adversely affected. Any integration process may require significant time and resources, and we may not be able to manage the process successfully. Acquisitions may also disrupt our ongoing business, divert our resources and require significant management attention that would otherwise be available for development of our business. We may not successfully evaluate or utilize the acquired technology or personnel or accurately forecast the financial effects of an acquisition transaction, including accounting charges. Any acquisition or investment could expose us to unknown liabilities. Moreover, we cannot assure you that the anticipated benefits of any acquisition or investment would be realized or that we would not be exposed to unknown liabilities. We may not be successful in retaining or expanding the customers and sales activities of any acquired business or in realizing the expected operational and cost efficiencies anticipated with the acquisition. We may have to pay cash, incur debt or issue equity securities to pay for any such investment or acquisition, each of which could adversely affect our financial condition or the market price of our common stock. The sale of equity or issuance of debt to finance any such

acquisitions could result in dilution to our stockholders. The incurrence of indebtedness would result in increased fixed obligations and could also include covenants or other restrictions that would impede our ability to manage our operations. Moreover, if the investment or acquisition becomes impaired, we may be required to take an impairment charge, which could adversely affect our financial condition or the market price of our common stock.

Industry cyclicality may cause fluctuations in our revenue and results of operations.

Our business is reliant on demand for network infrastructure, which rises and falls in cycles. Moreover, business cycles vary somewhat in different geographical regions and by customer type. Our customers' demand is driven by, among other factors, the development of new network infrastructure and the refreshment of existing network infrastructure. Cyclical changes in our customers' demand for our products and services, particularly changes in the demand of our largest customers, could result in fluctuations in our revenue, revenue growth and results of operations. We believe that this cyclicality results from a number of factors, including the specific procurement, budgeting and deployment cycles of our customers as well as the impact of general economic conditions on business operations and investment. The effects of supply chain disruptions and our rapid growth may have reduced the impact of cyclical factors that might otherwise have influenced our business and broader industry performance. If our growth rates slow, cyclical variations in our operations may become more pronounced over time and may materially affect our business, financial condition, results of operations and prospects.

We are exposed to fluctuations in currency exchange rates, which could adversely affect our business, financial condition, results of operations and prospects.

Our sales contracts are primarily denominated in U.S. dollars, and therefore, substantially all of our revenue is not subject to foreign currency risk; however, an increase in the U.S. dollar could result in an increase in the cost of our products to our customers outside of the U.S., which could adversely affect our business, financial condition, results of operations and prospects. In addition, a decrease in the value of the U.S. dollar relative to foreign currencies could increase our product and operating costs in foreign locations. Further, a portion of our operating expenses is incurred outside the U.S., is denominated in foreign currencies and is subject to fluctuations due to changes in foreign currency exchange rates. If we are not able to successfully hedge against the risks associated with the currency fluctuations, our business, financial condition, results of operations and prospects could be adversely affected.

Any failure to raise additional capital to expand our operations, invest in new products or for other corporate purposes on terms satisfactory to us could reduce our ability to compete and could harm our business, financial condition, results of operations and prospects.

We expect that our existing cash and cash equivalents, will be sufficient to meet our anticipated cash needs for the foreseeable future. If we did need to raise additional funds to expand our operations, invest in new products or for other corporate purposes, we may not be able to obtain additional debt or equity financing on terms satisfactory to us. If we raise additional equity financing, our stockholders may experience significant dilution of their ownership interests, and the market price of our common stock could decline. Furthermore, if we engage in debt financing, the holders of such debt would have priority over the holders of common stock, and we may be required to accept terms that restrict our ability to incur additional indebtedness or impose other restrictions on our business. We may also be required to take other actions that would otherwise be in the interests of the debt holders, including maintaining specified liquidity or other ratios, any of which could harm our business, financial condition, results of operations and prospects. If we need additional capital and cannot raise it on acceptable terms, we may not be able to, among other things, enhance our products and services, expand our sales and marketing and research and development organizations, acquire complementary technologies, products or businesses, and respond to competitive pressures or unanticipated working capital requirements. Our failure to do any of these things could seriously harm our business, financial condition, results of operations and prospects.

Risks Related to Customers and Sales

If we are unable to attract new large customers or to sell additional products and services in the AI Ethernet, Campus Workspace and Network Security Markets, to our existing customers, our revenue growth will be adversely affected and our revenue could decrease.

To increase our revenue, we must add new customers, especially large customers, and sell additional products and services to existing customers. For example, one of our sales strategies is to expand our current footprint by targeting our current customers for specific projects as opportunity with current customers is significant given their existing infrastructure and expected future spend. We are also focused on increasing penetration in the enterprise, campus and AI markets. However,

sales strategies focused on expansion to adjacent markets can require more time and effort since enterprise and campus customers typically start with small purchases, and in the case of new markets such as AI where we are introducing new products there are often longer testing and qualification periods. For this reason, in order to grow our revenue, it is important for us to attract new large customers. Some factors that may limit our ability to attract new large customers include, but are not limited to, saturation with certain large cloud networking customers, customers priorities and initiatives to invest in new technology, competition, decreased capital spending by such customers, a limited number of such customers, and a decline in growth at such customers. Additionally, from time to time we update our sales structure, systems, procedures and policies, and the failure of any of these updates to perform as expected or our inability to successfully manage such updates could adversely impact our business, financial condition, results of operations and prospects. If we fail to attract new large customers, including enterprise, campus and AI customers, fail to reduce the sales cycle and sell additional products to our existing customers or if our products are not accepted by these customers, our business, financial condition, results of operations and prospects will be harmed.

Sales of our switches and routing platforms generate most of our product revenue, and if we are unable to continue to grow sales of these products, our business, financial condition, results of operations and prospects will suffer.

Historically, we have derived substantially all of our product revenue from sales of our switching and routing platforms, and we expect to continue to do so for the foreseeable future. We have experienced declines in sales for some of our products over time as they mature and are superseded by products with improved performance and functionality. A decline in the price of switches and related services, or our inability to increase sales of these products, would harm our business, financial condition, results of operations and prospects more seriously than if we derived significant revenue from a larger variety of product lines and services. Our future financial performance will also depend upon successfully developing and selling next-generation versions of our switches. If we fail to deliver new products, new features, or new releases that customers want and that allow us to maintain leadership in what will continue to be a competitive market environment, our business, financial condition, results of operations and prospects will be harmed.

If we are unable to increase market awareness or acceptance of our new products and services, our revenue may not continue to grow or may decline.

We have not yet established broad market awareness or acceptance of products and services that we have introduced in the AI Ethernet, campus workspace and network security markets. Market awareness of our value proposition and products and services will be essential to our continued growth and our success, particularly for the service provider and broader enterprise markets. Additionally, because we are introducing new products in markets such as the AI Ethernet market, some products are subject to trials, testing, qualification and acceptance periods. If our marketing efforts are unsuccessful in creating market awareness of our company and our products and services or in gaining access to new customer markets, or if these new products and services are not accepted by customers, then our business, financial condition, results of operations and prospects will be adversely affected, and we will not be able to achieve sustained growth.

The sales prices of our products and services may decrease, which may reduce our gross profits and adversely affect our results of operations.

The sales prices for our products and services may decline for a variety of reasons, including competitive pricing pressures, discounts, a change in our mix of products and services, the introduction of new products and services by us or by our competitors including the adoption of "white box" solutions, promotional programs, or broader macroeconomic factors. In addition, we have provided, and plan to continue to provide in the future, pricing discounts to large customers, which may result in lower margins for the period in which such sales occur. Our gross margins may also fluctuate as a result of the timing of such sales to large customers.

We have historically experienced declines in sales prices for some of our products and services and could continue to experience such declines. Competition continues to increase in the markets in which we participate, and we expect competition to further increase in the future, thereby leading to increased pricing pressures. Larger competitors with more diverse product and service offerings may reduce the price of products and services that compete with ours or may bundle them with other products and services. Additionally, although we generally price our products and services worldwide in U.S. dollars, currency fluctuations in certain countries and regions may adversely affect actual prices that partners and customers are willing to pay in those countries and regions. Furthermore, sales prices and gross profits for our products may decrease over product life cycles. Decreased sales prices for any reason may reduce our gross profits and adversely affect our result of operations.

Our sales cycles can be long and unpredictable, and our sales efforts require considerable time and expense. As a result, our sales and revenue are difficult to predict and may vary substantially from period to period, which may cause our results of operations to fluctuate significantly.

The timing of our sales and revenue recognition is difficult to predict because of the length and unpredictability of our products' sales cycles. A sales cycle is the period between initial contact with a prospective customer and any sale of our products. End-customer orders often involve the purchase of multiple products. These orders are complex and difficult to complete because prospective customers generally consider a number of factors over an extended period of time before committing to purchase the products and solutions we sell. Customers, especially our large customers, often view the purchase of our products as a significant and strategic decision and require considerable time to evaluate, test and qualify our products prior to making a purchase decision and placing an order. The length of time that customers devote to their evaluation, contract negotiation and budgeting processes varies significantly. In addition, customers may delay upgrades to their network infrastructure which extends the upgrade and sales cycle. Our products' sales cycles are lengthy in certain cases, especially with respect to our prospective large customers and certain markets including the enterprise, campus and AI markets. During the sales cycle, we expend significant time and money on sales and marketing activities and make investments in evaluation equipment, all of which lower our operating margins, particularly if no sale occurs. Even if a customer decides to purchase our products, there are many factors affecting the timing of our recognition of revenue, which makes our revenue difficult to forecast. For example, there may be unexpected delays in a customer's internal procurement processes, particularly for some of our larger customers for which our products represent a very small percentage of their total procurement activity. In addition, due to macroeconomic uncertainties, the sales cycle may be extended and there may be delays and reductions of expenditures and cancellations by customers. There are many other factors specific to customers that contribute to the timing of their purchases and the variability of our revenue recognition, including acceptance terms contained in such agreements, the strategic importance of a particular project to a customer, budgetary constraints and changes in their personnel.

In addition, the significance and timing of our product enhancements, and the introduction of new products by our competitors, may also affect customers' purchases. For all of these reasons, it is difficult to predict whether a sale will be completed, the particular period in which a sale will be completed or the period in which revenue from a sale will be recognized, if at all. If our sales cycles lengthen or acceptance of such products is not achieved, our revenue could be lower than expected, which would have an adverse effect on our business, financial condition, results of operations and prospects.

If we are unable to offer high-quality support and services offerings, this could adversely affect our business, financial condition, results of operations and prospects.

Once our products are deployed within our customers' networks, our customers depend on our support organization and our channel partners to resolve any issues relating to our products. High-quality support is critical for the successful marketing and sale of our products. If we or our channel partners do not assist our customers in deploying our products effectively, do not succeed in helping our customers resolve post-deployment issues quickly or do not provide adequate ongoing support, or if we experience quality issues with these new products, it could adversely affect our ability to sell our products to existing customers and could harm our reputation with potential customers. In addition, as we continue to expand our operations internationally, our support organization will face additional challenges, including those associated with delivering support, training and documentation in languages other than English. Our failure or the failure of our channel partners to maintain high-quality support and services could have a material adverse effect on our business, financial condition, results of operations and prospects.

Declines in maintenance renewals and support contracts by customers could harm our future business, financial condition, results of operations and prospects.

We typically sell our products with maintenance and support as part of the initial purchase, and a portion of our revenue comes from renewals of maintenance and support contracts. Our customers have no obligation to renew their maintenance and support contracts after the expiration of the initial period, and they may elect not to renew their maintenance and support contracts, to renew their maintenance and support contracts at lower prices through alternative channel partners or to reduce the product quantity under their maintenance and support contracts, thereby reducing our future revenue from maintenance and support contracts. If our customers, especially our large customers, do not renew their maintenance and support contracts or if they renew them on terms that are less favorable to us, our revenue may decline and our business, financial condition, results of operations and prospects will suffer.

Our standard sales contracts contain indemnification provisions requiring us to defend our customers against third-party claims that could expose us to losses which could seriously harm our business, financial conditions, results of operations and prospects.

Under the indemnification provisions of our standard sales contracts, we agree to defend our customers and channel partners against third-party claims asserting infringement, misappropriation or other violation of certain intellectual property rights, which may include patents, copyrights, trademarks or trade secrets, and to pay judgments entered on such claims. An adverse ruling in such litigation may potentially expose us to claims in the event that claims are brought against our customers based on the ruling and we are required to indemnify such customers.

Our exposure under these indemnification provisions is frequently limited to the total amount paid by our customer under the agreement. However, certain agreements include indemnification provisions that could potentially expose us to losses in excess of the amount received under the agreement. Any of these events, including claims for indemnification, could seriously harm our business, financial condition, results of operations and prospects.

In addition to our own direct sales force, we rely on distributors, systems integrators and value-added resellers to sell our products, and our failure to effectively develop, manage or prevent disruptions to our distribution channels and the processes and procedures that support them could cause a reduction in the number of customers of our products.

Our future success is highly dependent upon maintaining our relationships with distributors, systems integrators and value-added resellers and establishing additional sales channel relationships. We anticipate that sales of our products to a limited number of channel partners will continue to account for a material portion of our total product revenue for the foreseeable future. We provide our channel partners with specific training and programs to assist them in selling our products, but these steps may not be effective. In addition, our channel partners may be unsuccessful in marketing, selling and supporting our products and services. If we are unable to develop and maintain effective sales incentive programs for our channel partners, we may not be able to incentivize these partners to sell our products to customers. These partners may have incentives to promote our competitors' products to the detriment of our own or may cease selling our products altogether. One of our channel partners could elect to consolidate or enter into a strategic partnership with one of our competitors, which could reduce or eliminate our future opportunities with that channel partner. Our agreements with our channel partners may generally be terminated for any reason by either party with advance notice. We may be unable to retain these channel partners or secure additional or replacement channel partners. The loss of one or more of our significant channel partners requires extensive training, and any new or expanded relationship with a channel partner may take several months or more to achieve productivity.

Where we rely on the channel partners for sales of our products, we may have little or no contact with the ultimate users of our products that purchase through such channel partners, thereby making it more difficult for us to establish brand awareness, ensure proper delivery and installation of our products, service ongoing end-customer requirements, estimate end-customer demand and respond to evolving end-customer needs. In addition, our channel partner sales structure could subject us to lawsuits, potential liability and reputational harm if, for example, any of our channel partners misrepresent the functionality of our products or services to customers, fail to comply with their contractual obligations or violate laws such as the U.S. Foreign Corrupt Practices Act or other applicable anti-corruption laws or our corporate policies. If we fail to effectively manage our existing sales channels, or if our channel partners are unsuccessful in fulfilling the orders for our products, if we are unable to enter into arrangements with, and retain a sufficient number of, high-quality channel partners in each of the regions in which we sell products and keep them motivated to sell our products, our ability to sell our products and our business, financial condition, results of operations and prospects will be harmed.

A portion of our revenue is generated by sales to government entities, which are subject to a number of challenges and risks.

We anticipate increasing our sales efforts to U.S. and foreign, federal, state and local governmental customers in the future. Sales to government entities are subject to a number of risks. Selling to government entities can be highly competitive, expensive and time consuming, often requiring significant upfront time and expense without any assurance that these efforts will generate a sale. The substantial majority of our sales to date to government entities have been made indirectly through our channel partners. Government certification requirements for products like ours may change and, in doing so, restrict our ability to sell into the government sector until we have attained revised certifications. Government demand and payment for our products and services may be affected by public sector budgetary cycles and funding authorizations, with funding reductions or delays adversely affecting public sector demand for our products and services. Government entities may have statutory, contractual or other legal rights to terminate contracts with our distributors and resellers for convenience or due to a default.

Selling to government entities requires us to comply with various regulations that are not applicable to sales to non-government entities, including regulations that may relate to pricing, prohibitions against use of certain foreign components in our products and services, anti-corruption and other matters. The U.S. government may require certain products that it purchases to be manufactured in, or may require that products it purchases contain a certain threshold of "domestic origin" components from, the U.S. and other relatively high-cost manufacturing locations, and we may not manufacture all products in locations that meet these requirements.

Complying with these regulations also requires us to put in place controls and procedures to monitor compliance with applicable regulations that may be costly or not possible. Governments also routinely investigate and audit government contractors' administrative processes and contract compliance. Failure to comply with the terms of our government contracts or applicable regulations, or an unfavorable audit, could result in the government ceasing to buy our products and services, a reduction of revenue, fines or civil or criminal liability, all of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

We are exposed to the credit risk of our channel partners and some of our customers, which could result in material losses.

Most of our contracts with customers are on an open credit basis, with standard payment terms of 30 to 90 days. We monitor individual end-customer payment capability in granting such open credit arrangements, seek to limit such open credit to amounts we believe the customers can pay and maintain reserves we believe are adequate to cover exposure for doubtful accounts. We are unable to recognize revenue from shipments until the collection of those amounts becomes reasonably assured. Any significant delay or default in the collection of significant accounts receivable could result in an increased need for us to obtain working capital from other sources, possibly on worse terms than we could have negotiated if we had established such working capital resources prior to such delays or defaults. Any significant default could adversely affect our results of operations, liquidity, and delay our ability to recognize revenue.

A material portion of our sales is derived through our distributors, systems integrators and value-added resellers. Some of our distributors, systems integrators and value-added resellers may experience financial difficulties, which could adversely affect our collection of accounts receivable. Distributors tend to have more limited financial resources than other systems integrators, value-added resellers and customers. Distributors represent potential sources of increased credit risk because they may be less likely to have the reserve resources required to meet payment obligations. Our exposure to credit risks of our channel partners may increase if our channel partners and their customers are adversely affected by global or regional economic conditions. One or more of these channel partners could delay payments or default on credit extended to them, either of which could materially adversely affect our business, financial condition, results of operations and prospects.

Risks Related to Products and Services

Product quality problems, defects, errors or vulnerabilities in our products or services could harm our reputation and adversely affect our business, financial condition, results of operations and prospects.

We produce highly complex products that incorporate advanced technologies, including both hardware and software technologies. Despite testing prior to their release, our products may contain undetected defects or errors, especially when first introduced or when new versions are released. Product defects or errors could affect the performance of our products, could result in a failure of appropriate updates to be distributed or installed, could delay the development or release of new products or new versions of products, and could result in warranty claims and product liability claims from customers. Any actual or perceived defect, error, or vulnerability in our products or services, or other allegations of unsatisfactory performance could cause us to lose revenue or market share, increase our service costs, cause us to incur substantial costs in analyzing, correcting or redesigning the products or otherwise addressing defects, errors or vulnerabilities, cause us to lose significant customers, harm our reputation and market positions, subject us to liability for damages, subject us to litigation, regulatory inquiries or investigations, and divert our resources from other tasks, any one of which could materially adversely affect our business, financial condition, results of operations and prospects.

From time to time, we have had to replace certain components of products that we had shipped and provide remediation in response to the discovery of defects or bugs, including failures in software protocols or defective component batches resulting in reliability issues, in such products, and we may be required to do so in the future. We may also be required to provide full replacements or refunds for such defective products. We cannot assure you that such remediation or any of the

other circumstances described above, including claims, litigation, or regulatory investigations, would not have a material effect on our business, financial condition, results of operations and prospects.

If we do not successfully anticipate technological shifts and introduce products and product enhancements that meet those technological shifts, if those products are not made available in a timely manner or do not gain market acceptance, or if we do not successfully manage product introductions, we may not be able to compete effectively, and our ability to generate revenue will suffer.

We must continue to enhance our existing products and develop new technologies and products that address emerging technological trends, evolving industry standards and changing end-customer needs. The process of enhancing our existing products and developing new technology is complex and uncertain, and new offerings require significant upfront investment that may not result in material design improvements to existing products or result in marketable new products or costs savings or revenue for an extended period of time, if at all.

In addition, new technologies could render our existing products obsolete or less attractive to customers, and our business, financial condition, results of operations and prospects could be materially adversely affected if such technologies are widely adopted. For example, customers may prefer to address their network switch requirements by licensing software operating systems separately and placing them on “white box” hardware rather than purchasing integrated hardware products as has occurred in the server industry. Additionally, customers may require product upgrades including higher Ethernet speeds and additional functionality to address the increasing demands of cloud computing environments.

In the past several years, we have announced a number of new products and enhancements to our products and services, including new products in the AI Ethernet, campus workspace and network security markets. The success of our new products depends on several factors including, but not limited to, appropriate new product definition, the development of product features that sufficiently meet end-user requirements, our ability to manage the risks associated with new product production ramp-up issues, component costs, availability of components, timely completion and introduction of these products, prompt solution of any defects or bugs in these products, our ability to support these products, differentiation of new products from those of our competitors and market acceptance of these products. For example, our new product releases will require strong execution from our third-party merchant silicon chip suppliers to develop and release new merchant silicon chips that satisfy end-customer requirements, to meet expected release schedules and to provide sufficient quantities of these components. If we are unable to successfully manage our product introductions or transitions, or if we fail to penetrate new markets, as a result of any of these or other factors, our business, financial condition, results of operations and prospects could be adversely affected.

Our product releases introduced new software products that include the capability for disaggregation of our software operating systems from our hardware. The success of our strategy to expand our software business is subject to a number of risks and uncertainties including the additional development efforts and costs to create these new products or make them compatible with other technologies, the potential for our strategy to negatively impact revenue and gross margins and additional costs associated with regulatory compliance.

We may not be able to successfully anticipate or adapt to changing technology or end-customer requirements on a timely basis, or at all. If we fail to keep up with technology changes or to convince our customers and potential customers of the value of our solutions even in light of new technologies, we may lose customers, decrease or delay market acceptance and sales of our present and future products and services and materially and adversely affect our business, financial condition, results of operations and prospects.

If we are unable to devote the necessary resources to ensure that our products interoperate with operating systems, software applications and hardware that is developed by others, we may lose or fail to increase market share and experience a weakening demand for our products.

Generally, our products comprise only a part of the network infrastructure and must interoperate with our customers’ existing infrastructure, specifically their networks, servers, software and operating systems, any of which may be manufactured by a wide variety of vendors and OEMs. Our products must comply with established industry standards to interoperate with the servers, storage, software and other networking equipment in the network infrastructure such that all systems function efficiently together. We depend on the vendors of servers and systems in a data center to support prevailing industry standards. Often, these vendors are significantly larger and more influential in driving industry standards than we are. Also, some industry

standards may not be widely adopted or implemented uniformly and competing standards may emerge that may be preferred by our customers.

In addition, when new or updated versions of these software operating systems or applications are introduced, we must sometimes develop updated versions of our software so that our products will interoperate properly. We may not accomplish these development efforts quickly, cost-effectively or at all. These development efforts require capital investment and the devotion of engineering resources. If we fail to maintain compatibility with these systems and applications, our customers may not be able to adequately utilize our products, and we may lose or fail to increase market share and experience a weakening in demand for our products, among other consequences, which would adversely affect our business, financial condition, results of operations and prospects.

Risks Related to Supply Chain and Manufacturing

Insufficient component supply and inventory management and the time to manufacture our products may result in lost sales opportunities or delayed revenue, while excess inventory may harm our gross margins.

Managing our manufacturing capacity and extended supply chain is complex, and our inventory management systems and related supply-chain visibility tools may not enable us to effectively manage the supply of our products and product components. Our ability to manage our supply chain has also and could continue to be adversely affected by other factors including geopolitical conditions such as international trade tensions between the U.S. and China, Canada, Mexico and other countries where we manufacture our products including Malaysia and Vietnam, the Russia-Ukraine conflict and related economic sanctions against Russia, and political tensions between China and Taiwan. Global geopolitical and macroeconomic uncertainties have resulted in prolonged manufacturing and supply chain disruptions, including temporary closures of certain manufacturing and supplier facilities particularly within China and controls on certain supplies including China's restrictions on the use of certain U.S. products and its export controls on metals used in semiconductor manufacturing such as gallium and germanium which, in turn, have caused and may continue to cause shortages of, and extended lead times for, components used to manufacture our products, increases in the prices for such components, a reduction, unpredictability or interruption of supply, prioritization of component shipments to other vendors and decommitments of orders. Insufficient component supply, and increases in the time required to manufacture our products could lead to prolonged inventory shortages, manufacturing disruptions and increased customer lead times for our products, and could result in increased cancellation of orders or loss of future sales opportunities altogether as potential customers turn to competitors' products that are readily available. In addition, in order to meet customer lead times, we have had to, and may continue to expedite the supply of components and make incremental investments in our supply chain to increase our capacity for manufacturing products, which increases our product costs and negatively affects our gross margin.

In order to reduce lead times in our supply chain and plan for adequate component supply, we have issued and expect to continue to issue purchase orders for components and products that are non-cancellable and non-returnable, including purchase commitments for semiconductors as disclosed in Note 5. Commitments and Contingencies of the Notes to Consolidated Financial Statements included in Part II, Item 8, of this Annual Report on Form 10-K. We anticipate continued volatility in our inventory and purchase commitments. This variability is driven by new product introductions, shifts in customer demand, and fluctuations in supplier lead times. In particular, we have increased our purchase commitments to respond to the rapid deployment of AI networks and reduce overall lead times which will increase our working capital requirements. In addition, we may have to increase our purchase commitments in response to the tightening of supply conditions in the memory market. There is no guarantee that suppliers will meet their commitments or that actual customer demand will not be lower than our demand forecasts. Additionally, certain customers have and may continue to engage in cost reduction measures including reductions in capital expenditures and other efficiency efforts, which may result in a cancellation of orders or reduce demand for our products. We establish a liability for non-cancellable, non-returnable purchase commitments with our component inventory suppliers for quantities in excess of our demand forecasts, or for products that are considered obsolete. In addition, we establish a liability and reimburse our contract manufacturer for component inventory purchased on our behalf that has been rendered excess or obsolete due to manufacturing and engineering change orders, or in cases where inventory levels greatly exceed our demand forecasts. The magnitude of these balances, combined with shifting product priorities, has resulted in increased risk that we may not be able to sell all of this inventory, which in turn has resulted, and may in the future result, in additional excess and obsolete inventory-related charges. Our non-cancellable commitments and the cash deposits to secure our purchases with our contract manufacturers are disclosed in Note 5. Commitments and Contingencies of the Notes to Consolidated Financial Statements included in Part II, Item 8, of this Annual Report on Form 10-K. If we ultimately determine that we have excess or obsolete inventory, we may have to reduce our prices and write down inventory to

its estimated realizable value, which in turn could result in lower gross margins. If we are unable to effectively manage our supply and inventory, our business, financial condition, results of operations and prospects could be adversely affected.

We are susceptible to manufacturing delays and pricing fluctuations that could prevent us from shipping end-customer orders on time, if at all, or on a cost-effective basis, which may result in the loss of sales and customers.

We depend on third-party contract manufacturers to manufacture our product lines. A significant portion of our cost of revenue consists of payments to these third-party contract manufacturers. Our reliance on these third-party contract manufacturers reduces our control over the manufacturing process, quality assurance, product costs and product supply and timing, which exposes us to operational risks including their ability to obtain sufficient components for our products in a timely manner and to ramp manufacturing sufficiently to meet our customer demand. Our reliance on contract manufacturers also yields the potential for their infringement, misappropriation or other violation of third-party intellectual property rights in the manufacturing of our products or their infringement, misappropriation or other violation of our intellectual property rights in the manufacturing of other customers' products. If we are unable to manage our relationships with our third-party contract manufacturers effectively, or if these third-party manufacturers suffer delays or disruptions or quality control problems in their operations, experience increased manufacturing lead times, capacity constraints or fail to meet our future requirements for timely delivery, our ability to ship products to our customers would be severely impaired, and our business, financial condition, results of operations and prospects would be seriously harmed.

To the extent that our products are manufactured at facilities in foreign countries, we may be subject to additional risks associated with complying with local rules and regulations in those jurisdictions. Shelter in place orders, factory closures or reductions in staffing at our manufacturing sites would result in material disruptions, increased lead times and supply shortages of our products. Due to their existence in foreign locations, our contract manufacturers may also be subject to or become subject to new or increased tariffs which, if sufficiently high, may affect the profitability of these operations and may require relocation to new locations, moves which may require bearing associated costs. There is no guarantee that any contract manufacturing location will not be targeted by tariffs or other trade measures imposed by the United States or another country.

Our contract manufacturers typically fulfill our supply requirements on forecasts and individual purchase orders. We do not have long-term contracts with our third-party manufacturers that guarantee capacity, the continuation of particular pricing terms or the extension of credit limits. Accordingly, they are not obligated to continue to fulfill our supply requirements, which could result in supply shortages, and the prices we are charged for manufacturing services could be increased on short notice. For example, our contract with one of our contract manufacturers permits it to terminate the agreement for convenience, subject to prior notice requirements. We may not be able to develop alternate or second contract manufacturers in a timely manner.

If we add or change contract manufacturers or change any manufacturing plant locations within a contract manufacturer network, we would add additional complexity and risk to our supply chain management and may increase our working capital requirements. Ensuring a new contract manufacturer or new plant location is qualified and has sufficient manufacturing capacity to manufacture our products to our standards and industry requirements could take significant effort and be time consuming and expensive, and any delays or failures to adequately ramp production to meet our customer demand could negatively impact our business, financial condition, results of operations and prospects. Any addition or change in manufacturers may be extremely costly, time consuming and we may not be able to do so successfully. Furthermore, when we introduce new products, it could take time for manufacturing to ramp production and fulfill customer demand.

In addition, we may be subject to additional significant challenges to ensure that quality, processes and costs, among other issues, are consistent with our expectations and those of our customers. A new contract manufacturer or manufacturing location may not be able to scale its production of our products at the volumes or quality we require. This could also adversely affect our ability to meet our scheduled product deliveries to our customers, which could damage our customer relationships and cause the loss of sales to existing or potential customers, late delivery penalties, delayed revenue or an increase in our costs which could adversely affect our gross margins. This could also result in increased levels of inventory subjecting us to increased risk of excess and obsolete inventory charges that could have a negative impact on our operating results.

Any production interruptions, labor shortages or disruptions for any reason, including those noted above, as well as a natural disaster, epidemic, war, capacity shortages, adverse results from intellectual property litigation or quality problems, at one of our manufacturing partners would adversely affect sales of our product lines manufactured by that manufacturing partner and adversely affect our business, financial condition, results of operations and prospects.

We base our inventory requirements on our forecasts for future sales. If these demand forecasts materially change from our initial projections, we may procure inventory that we may be unable to use in a timely manner or at all.

We and our contract manufacturers procure components and build our products based on our forecasts. These forecasts are based on estimates of future demand for our products, which are in turn based on historical trends and analysis from our sales and marketing organizations, adjusted for overall market conditions and other factors. In order to address customer demand and extended lead times, we have entered, and may continue to enter, into significant purchase commitments with our contract manufacturers and suppliers, with issuance of non-cancellable purchase orders for such commitments. In particular, we have increased our purchase commitments to respond to the rapid deployment of AI networks and reduce overall lead times which will increase our working capital requirements. We may also need to increase our purchase commitments in response to the tightening of supply conditions in the memory market. There is no guarantee that suppliers will meet their commitments or that actual customer demand will directly match our demand forecasts. If our forecasts materially change from our initial projections, customers' orders are cancelled or if we otherwise do not need such inventory, we may under- or over-procure inventory, which could materially and adversely affect our business, financial condition and results of operations.

Interruptions or delays in shipments could cause our revenue for the applicable period to fall below expected levels.

We have been and could be subject to manufacturing disruptions and supply chain delays in the future. This places significant pressure on supply chain management, manufacturing, inventory and quality control management, shipping and trade compliance. Consequently, this has hindered and may continue to hinder our ability to forecast component supply, manufacturing capacity and timing of inventory receipts. A significant interruption in these critical functions has resulted and could continue to result in delayed order fulfillment or cancellation of orders, which may negatively impact our relationships with our customers, reduce future sales or otherwise adversely affect our business, financial condition, results of operations and prospects and result in a decline in the market price of our common stock.

Risks Related to Intellectual Property and Other Proprietary Rights

Assertions by third parties of infringement, misappropriation or other violations by us of their intellectual property rights, or other lawsuits asserted against us, could result in significant costs and substantially harm our business, financial condition, results of operations and prospects.

Patent and other intellectual property rights disputes are common in the network infrastructure, network security and Wi-Fi industries and have resulted in protracted and expensive litigation for many companies. Many companies in the network infrastructure, network security and Wi-Fi industries, including our competitors and other third parties, as well as non-practicing entities, own large numbers of patents, copyrights, trademarks, trade secrets and other intellectual property rights, which they may use to assert claims of infringement, misappropriation, or other violations of intellectual property rights against us. From time to time, they have or may in the future also assert such claims against us, our customers or channel partners whom we typically indemnify against claims that our products infringe, misappropriate or otherwise violate the intellectual property rights of third parties.

As the number of products and competitors in our market increases and overlaps occur, or if we enter into new markets, claims of infringement, misappropriation and other violations of intellectual property rights may increase. Any claim of infringement, misappropriation or other violations of intellectual property rights by a third-party, even those without merit, could cause us to incur substantial costs defending against the claim, distract our management from our business and require us to cease use or practice of such intellectual property. In addition, some claims for patent infringement may relate to subcomponents that we purchase from third parties. If these third parties are unable or unwilling to indemnify us for these claims, we could be substantially harmed.

The patent portfolios of most of our competitors are larger than ours. This disparity may increase the risk that our competitors may sue us for patent infringement and may limit our ability to counterclaim for patent infringement or settle through patent cross-licenses. In addition, future assertions of patent rights by third parties, and any resulting litigation, may involve patent holding companies or other adverse patent owners who have no relevant product revenue and against whom our own patents may therefore provide little or no deterrence or protection. We cannot assure you that we are not infringing, misappropriating or otherwise violating any third-party intellectual property rights.

The third-party asserters of intellectual property rights infringement claims may be unreasonable in their demands, or may simply refuse to settle, which could lead to expensive settlement payments, longer periods of litigation and related expenses, additional burdens on employees or other resources, distraction from our business, supply stoppages and lost sales.

An adverse outcome of a dispute may require us to pay substantial damages or penalties including treble damages if we are found to have willfully infringed a third-party's patents; cease making, licensing, using or importing into the U.S. products or services that are alleged to infringe, misappropriate or violate the intellectual property rights of others; expend additional development resources to attempt to redesign our products or services or otherwise to develop non-infringing technology, which may not be successful; enter into potentially unfavorable royalty or license agreements in order to obtain the right to use necessary technologies or intellectual property rights; and indemnify our partners and other third parties. Any damages, penalties or royalty obligations we may become subject to as a result of an adverse outcome, and any third-party indemnity we may need to provide could harm our business, financial condition, results of operations and prospects. Royalty or licensing agreements, if required or desirable, may be unavailable on terms acceptable to us, or at all, and may require significant royalty payments and other expenditures. Further, there is little or no information publicly available concerning market or fair values for license fees, which can lead to overpayment of license or settlement fees. In addition, some licenses may be non-exclusive, and therefore our competitors may have access to the same technology licensed to us. Suppliers subject to third-party intellectual property rights infringement claims also may choose or be forced to discontinue or alter their arrangements with us, with little or no advance notice to us. Any of these events could seriously harm our business, financial condition, results of operations and prospects.

In the event that we are found to infringe, misappropriate or violate any third-party intellectual property rights, we could be enjoined, or subject to other remedial orders that would prohibit us, from making, licensing, using or importing into the U.S. or elsewhere such products or services. In order to resume such activities with respect to any affected products or services, we (or our component suppliers) would be required to develop technical redesigns that no longer infringe, misappropriate or violate the third-party intellectual property right. In any efforts to develop technical redesigns for these products or services, we (or our component suppliers) may be unable to do so in a manner that does not continue to infringe the third-party intellectual property right or that is acceptable to our customers. These redesign efforts could be extremely costly and time consuming as well as disruptive to our other development activities and distracting to management. Moreover, such redesigns could require us to obtain approvals from the court or administrative body to resume the activities with respect to these affected solutions. We may not be successful in our efforts to obtain such approvals in a timely manner, or at all. Any failure to effectively redesign our solutions or to obtain timely approval of those redesigns by a court or administrative body may cause a disruption to our product shipments and materially and adversely affect our business, prospects, reputation, results of operations, and financial condition. For example, in two prior investigations brought by Cisco in the International Trade Commission ("ITC"), we were subjected to remedial orders that prohibited us from importing and selling after importation any products the ITC found to infringe Cisco's patents. As a result, we were required to redesign certain aspects of our products and obtain U.S. Customs and Border Protection's approval of those redesigns before we could continue to import those products into the United States.

If we are unable to protect our intellectual property rights, our competitive position could be harmed or we could be required to incur significant expenses to enforce our rights.

We depend on our ability to protect our proprietary technology. We rely on trade secret, patent, copyright and trademark laws and confidentiality agreements with employees and third parties, all of which offer only limited protection.

The process of obtaining patent protection is expensive and time-consuming, and we may not be able to prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. We may choose not to seek patent protection for certain innovations and may choose not to pursue patent protection in certain jurisdictions. Further, we do not know whether any of our pending patent applications will result in the issuance of patents or whether the examination process will require us to narrow our claims. To the extent that additional patents are issued from our patent applications, which is not certain, they may be contested, circumvented or invalidated in the future. Moreover, the rights granted under any issued patents may not provide us with proprietary protection or competitive advantages, and, as with any technology, competitors may be able to develop similar or superior technologies to our own now or in the future. In addition, we rely on confidentiality or license agreements with third parties in connection with their use of our products and technology. There is no guarantee that such parties will abide by the terms of such agreements or that we will be able to adequately enforce our rights, in part because we rely on "shrink-wrap" or other unsigned licenses in some instances.

We have not registered our trademarks in all geographic markets. Failure to secure those registrations could adversely affect our ability to enforce and defend our trademark rights and result in indemnification claims. Further, any claim of infringement by a third-party, even those claims without merit, could cause us to incur substantial costs defending against such

claim, could divert management attention from our business and could require us to cease use or practice of such intellectual property in certain geographic markets.

Despite our efforts, the steps we have taken to protect our proprietary rights may not be adequate to preclude misappropriation of our proprietary information or infringement of our intellectual property rights, and our ability to police such misappropriation or infringement or any other violation is uncertain, particularly in countries outside of the United States.

Detecting and protecting against the unauthorized use of our products, technology and proprietary rights is expensive, difficult and, in some cases, impossible. Litigation may be necessary in the future to enforce or defend our intellectual property rights, to protect our trade secrets or to determine the validity and scope of the proprietary rights of others. Such litigation could result in substantial costs and diversion of management resources, either of which could harm our business, financial condition, results of operations and prospects, and there is no guarantee that we would be successful. Furthermore, many of our current and potential competitors have the ability to dedicate substantially greater resources to protecting their technology or intellectual property rights than we do. Accordingly, despite our efforts, we may not be able to prevent third parties from infringing or misappropriating our intellectual property rights, which could result in a substantial loss of our market share.

We rely on the availability of licenses to third-party software and other intellectual property.

Many of our products and services include software or other intellectual property licensed from third parties, and we otherwise use software and other intellectual property licensed from third parties in our business. This exposes us to risks over which we may have little or no control. For example, a licensor may have difficulties keeping up with technological changes or may stop supporting the software or other intellectual property that it licenses to us. Also, it will be necessary in the future to renew licenses, expand the scope of existing licenses or seek new licenses, relating to various aspects of these products and services or otherwise relating to our business, which may result in increased license fees. These licenses may not be available on acceptable terms, if at all. In addition, a third-party may assert that we or our customers are in breach of the terms of a license, which could, among other things, give such third-party the right to terminate a license or seek damages from us, or both. The inability to obtain or maintain certain licenses or other rights or to obtain or maintain such licenses or rights on favorable terms, or the need to engage in litigation regarding these matters, could result in delays in releases of products and services and could otherwise disrupt our business, until equivalent technology can be identified, licensed or developed, if at all, and integrated into our products and services or otherwise in the conduct of our business. Moreover, the inclusion in our products and services of software or other intellectual property licensed from third parties on a nonexclusive basis may limit our ability to differentiate our products from those of our competitors. Lastly, our use of third-party technology may subject us to claims of infringement which could result in a material adverse effect on our business, financial condition, results of operations and time-intensive litigation and for which we may not be eligible for indemnification protections. Any of these events could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our products contain third-party open source software components, and failure to comply with the terms of the underlying open source software licenses could restrict our ability to sell our products.

Our products contain software modules licensed to us by third-party authors under “open source” licenses. Use and distribution of open source software may entail greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or other contractual protections regarding intellectual property rights infringement, misappropriation or violation claims or the quality of the code. Some open source licenses contain requirements that we make available source code for modifications or derivative works we create based upon the type of open source software that we use. Furthermore, many terms used in open source licenses have not yet been interpreted by courts in the U.S. so there is a risk that the terms of such licenses could be construed to impose unanticipated obligations on us or unanticipated conditions or restrictions on our ability to market our products and services. If we combine our software with open source software in a certain manner, we could, under certain open source licenses, be required to release portions of the source code of our software to our customers or the public more generally. This would allow our competitors to create similar products with lower development effort and time and ultimately could result in a loss of product sales for us.

Although we monitor our use of open-source software to avoid subjecting our products to conditions we do not intend, the terms of many open source licenses have not been interpreted by U.S. courts, and these licenses could be construed in a way that could impose unanticipated conditions or restrictions on our ability to commercialize our products. Moreover, we cannot assure you that our processes for controlling our use of open-source software in our products will be effective. If we are held to have breached the terms of an open source software license, we could be required to seek licenses from third parties to continue offering our products on terms that are not economically feasible, to re-engineer our products, to discontinue the sale of our

products if re-engineering could not be accomplished on a timely basis or to make generally available, in source code form, our proprietary code, any of which could adversely affect our business, financial condition, results of operations and prospects.

We provide access to our software and other selected source code to certain partners, which creates additional risk that our competitors could develop products that are similar to or better than ours.

Our success and ability to compete depend substantially upon our internally developed technology, which is incorporated in the source code for our products. We seek to protect the source code, design code, documentation and other information relating to our software, under trade secret, patent and copyright laws. However, we have chosen to provide access to selected source code of our software to several of our partners for co-development, as well as for open application APIs, formats and protocols. Though we generally control access to our source code and other intellectual property and enter into confidentiality or license agreements with such partners as well as with our employees and consultants, this combination of procedural and contractual safeguards may be insufficient to protect our trade secrets and other rights to our technology. Our protective measures may be inadequate, especially because we may not be able to prevent our partners, employees or consultants from violating any agreements or licenses we may have in place or abusing their access granted to our source code. Improper disclosure or use of our source code could help competitors develop products similar to or better than ours.

Risks Related to Cybersecurity and Data Privacy

Our products, services, and external facing or internal network systems, or those of third parties on which we rely, could experience cybersecurity incidents, and defects, errors, or vulnerabilities in our products, or the misuse of our products, could lead to cybersecurity incidents or a failure to detect cybersecurity incidents, create product liability risks, damage our reputation, adversely impact our operating results, or otherwise negatively impact our business.

Our products, services, and external facing or internal network systems could experience cybersecurity incidents or become a target for security attacks, including attacks specifically designed to disrupt our business and our customers and introduce malicious software and attacks by state sponsors. For example, we could face attacks that involve the introduction of malicious software to our products, services, networks, or damage or exfiltration of our data or that of our customers; or are perceived to have been compromised, our reputation may be damaged and our financial results may be negatively affected.

In addition defects, errors, or vulnerabilities in our security platform or in the hardware upon which it is deployed, including as a result of misuse or a failure to implement updates to such platform, could temporarily or permanently limit our detection capabilities and expose our end-customers' networks, leaving their networks unprotected against the latest security threats, or otherwise lead to cybersecurity incidents. If customers of our security platform do suffer a cybersecurity incident, even if it is not attributable to a failure of our platform, customers may believe that our platform failed to detect a threat or vulnerability, which could harm our reputation or negatively affect our financial results.

The classifications of application type, virus, spyware, vulnerability exploits, data, or URL categories by our security platform may also falsely detect, report and act on applications, content, or threats that do not actually exist. These false positives may impair the perceived reliability of our security platform and may therefore adversely impact market acceptance of our security platform. Any such false identification of important files or applications could result in damage to our reputation, negative publicity, loss of channel partners, end-customers and sales, increased costs to remedy any problem, and costly litigation.

We, or third parties on which we rely, could experience cybersecurity incidents relating to our information systems, or our products, services, or data, which could disrupt our operations or our ability to provide services, cause vulnerabilities or perceived vulnerabilities in our product, compromise intellectual property or other sensitive data, harm our reputation, damage customer or other relationships, delay our ability to recognize revenue, lead to significant costs, legal proceedings, legal liability, or enforcement actions, or otherwise negatively impact our business.

We, like all technology companies, depend upon information technology systems to conduct virtually all business operations, ranging from internal operations and product development activities to marketing and sales efforts and communications with customers and business partners. We could experience disruptions, cybersecurity breaches, and other cybersecurity incidents relating to our information systems, or our products, services, or data. We could also be impacted by cybersecurity incidents through third parties on which we rely. We have outsourced some business functions to third parties, including our manufacturers, logistics providers, and cloud service providers. We also rely upon distributors, resellers and system integrators to sell our products. We also depend upon our employees, and the technology our employees use to comply with the security measures we have instituted to prevent and mitigate cybersecurity incidents.

We, or third parties on which we rely, could experience disruptions, cybersecurity breaches, and other cybersecurity incidents with many different types of causes, including phishing schemes and other social engineering methods, fraud and other malfeasance, denial of service attacks, vulnerabilities or defects in design or manufacture, unintended technical errors, misconfigurations, “bugs,” viruses, ransomware and other malware, mishandling of data or other mistakes by employees or other insiders, and attacks by insiders or external parties. Sophisticated, or even unsophisticated, persons or organizations may attempt to compromise our systems, or third party systems on which we rely, and access, use, destroy, impair, or obtain confidential, personal, or otherwise sensitive or proprietary information and could compromise our systems, products, services and networks, or those of third parties on which we rely. Geopolitical tensions and conflicts, such as the Russia-Ukraine conflict, and deteriorating U.S.-China relations, may create a greater risk of cyberattacks against our company and our manufacturers, suppliers, logistics providers, banks and other business partners. Our acquisition of Awake Security and our provision of its NDR platform may result in us being a more attractive target for such attacks. We may also face increased risks of cybersecurity incidents in connection with personnel working remotely.

We may experience cybersecurity incidents that we do not detect, or that we do not detect for extended periods of time. The techniques used to carry out attacks are constantly evolving, and it may be more difficult to detect attacks involving techniques that we are not aware of or have not anticipated.

If we, or any of the aforementioned third parties, or any other third parties capable of introducing risks to our system or operations, experience a cyberattack or any other kind of cybersecurity incident, our ability to conduct our business effectively could be damaged in a number of ways, including:

intellectual property or other proprietary or sensitive data regarding our business or our customers could be stolen or lost, modified, rendered unavailable, or otherwise assessed, used, or processed in authorized manners;

our systems, including email and other communication methods, and access to or availability of data, could be disrupted or harmed, or we may experience other types of outages, and our ability to conduct operations could be seriously damaged until such systems or data access and availability can be restored, which we may be unable to achieve promptly, or at all;

our ability to process customer orders and electronically deliver products and services could be degraded, and our distribution channels could be disrupted, resulting in delays in revenue recognition;

defects and security vulnerabilities could be introduced into our software, thereby damaging the reputation and perceived reliability and security of our products and potentially making the data systems of our customers vulnerable;

our manufacturing process, products, services, supply chain, systems and data could be corrupted or disrupted; and

personal data of our customers, employees, contractors, and business partners could be lost, accessed, obtained, modified, disclosed, used, or otherwise processed without authorization, corrupted or made unavailable, or otherwise compromised.

If we experience a cybersecurity incident, or if any of the above events occur, or are perceived to have occurred, we could be subject to significant claims for liability from our customers and others and regulatory investigations and actions from governmental agencies, and we could be required to expend significant capital and other resources to remediate and otherwise address any incident, including to notify individuals, entities, or regulatory bodies. In addition, our ability to protect our intellectual property rights could be compromised and our reputation and competitive position could be significantly harmed. The regulatory and contractual actions, proceedings, litigation, investigations, fines, penalties and liabilities relating to any actual or perceived incidents can be significant in terms of fines and reputational impact and necessitate changes to our business operations that may be disruptive to us. We could incur significant costs to upgrade our systems and measures in an effort to prevent network and system disruptions and other cybersecurity incidents. Even the perception of inadequate security may damage our reputation and negatively impact our ability to win new customers and retain existing customers. Consequently, our financial performance and results of operations could be adversely affected by any of the foregoing types of incidents or perceived incidents.

We cannot assure that any limitation of liability provisions in our customer agreements, contracts with third-party vendors and service providers or other contracts would be enforceable or adequate or would otherwise protect us from any liabilities or damages with respect to any particular claim relating to a security breach or other security-related matter. We also cannot be certain that our insurance coverage will be adequate for liabilities incurred, that insurance will continue to be available to us on economically reasonable terms, or at all, or that any future claim will not be excluded or otherwise be denied coverage by any insurer. The successful assertion of one or more large claims against us that exceed available insurance

coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material adverse effect on our business, including our reputation, financial condition and operating results.

Risks Related to Accounting, Compliance, Regulation and Tax

Foreign investment laws and regulations, and other trade or regulatory barriers, may have a negative effect on global economic conditions, financial markets and our business.

In addition to laws aimed directly at trade, failure of our products to comply with a broader set of evolving industry standards and government regulations may adversely impact our business and in particular our ability to market in particular countries. Our products must comply with various U.S. federal government regulations and standards defined by agencies such as the Federal Communications Commission, standards established by governmental authorities in various foreign countries and recommendations of the International Telecommunication Union. In some circumstances, we must obtain regulatory approvals or certificates of compliance before we can offer or distribute our products in certain jurisdictions or to certain customers. In recent years, certain jurisdictions have tied these approvals to concerns about international relationships, including, e.g., concerns about entities with components sourced from or tested in China. Complying with new regulations or obtaining certifications, especially as standards evolve, may be costly and disruptive to our business and also may affect our ability to sell our products where these standards or regulations apply, which in turn may prevent us from sustaining our net revenues or achieving profitability.

Enhanced U.S. trade restrictions affecting China and other countries, including export controls, import regulations, and foreign investment regulations, as well as countermeasures taken by affected countries may have a negative effect on global economic conditions, financial markets and our business.

Over the past several years, the U.S. government has enacted a series of enhanced international trade restrictions affecting China and other countries which have included additional export controls and sanctions, import regulations and foreign investment regulations. For example, the U.S. has added additional entities, from China and elsewhere, to restricted party lists impacting the ability of U.S. companies to provide products, and in certain cases services, to these entities and, in some cases, receive products or services from these entities. Beginning in October 2022, the U.S. expanded controls restricting the ability to send certain products and technology related to semiconductors, semiconductor manufacturing, and supercomputing. Although new regulations introduced in January 2025 further expanding the controls to impose a worldwide licensing requirement on certain ICs and computing resources that are used for training of AI models were rescinded prior to the scheduled compliance date, we expect the U.S. government may issue new controls on similar technologies in the future. The U.S. government also expanded the scope of restrictions on the development or production of advanced ICs and certain semiconductor manufacturing equipment, and the restrictions on supercomputing, though certain U.S. export controls have been partially relaxed pursuant to the bilateral trade negotiations between the U.S. and China since May 2025. Further changes to any of these policies are possible.

Due to concerns with products and services from certain semiconductor, telecommunications and video providers based in China, U.S. Congress has also enacted bans on the use of certain Chinese-origin components or systems either in items sold to the U.S. government or, in some cases, in the internal networks of government contractors and subcontractors (even if those networks are not used for government-related projects).

Further, the U.S. government has imposed trade restrictions to address international human rights abuses. For example, in June 2022, the import restrictions contained in the Uyghur Forced Labor Prevention Act ("UFLPA") became effective. The UFLPA creates a rebuttable presumption that any goods mined, produced or manufactured, wholly or in part in the Xinjiang Uyghur Autonomous Region ("XUAR") of China, or produced by a UFLPA-listed entity, were made with forced labor and would therefore not be entitled to entry at any U.S. port. Importers may be required to present clear and convincing evidence that such goods are not made with forced labor. While we do not source items from the XUAR or from UFLPA-listed parties, and we have increased our supply chain diligence, there is risk that our ability to import components and products may be adversely affected by the UFLPA.

The U.S. government also recently introduced regulations that require notification of or prohibit certain transactions by the Company with entities in China or with certain linkages to China. These regulations could apply to certain intracompany activities with our China and Hong Kong subsidiaries or other activities with entities in China or with linkages to China. These regulations could also limit the ability of others to transact certain business with the Company if those transactions involve or

benefit, directly or indirectly our operations in China. Where these new rules apply to a given transaction, it might limit our ability to carry out our long-term business strategy.

These controls or any additional restrictions may impact our ability to export certain products to China or other countries, prohibit us from selling our products to certain of our customers, restrict our ability to use certain ICs in our products, impact our suppliers who may utilize facilities or equipment described in these controls, or impact the cost of components or inputs used to produce our products. These measures may also increase in response to certain geopolitical events, such as the recently shifted international trade landscape, or if the relationship between the U.S. and China or between China and Taiwan otherwise deteriorates.

The Chinese government has retaliated to, and may continue to retaliate to, these or other U.S. trade restrictions in ways that could impact our business. For example, China has announced controls on both the use of Micron products and export controls on certain materials used, among other things, in the production of semiconductors, optical components, and other electronic devices including germanium and gallium. These Chinese export controls have been the subject of bilateral trade negotiations between the U.S. and China, and have been partially relaxed since May 2025, though further changes are possible. Further, the Chinese government has responded to these U.S. actions by adding U.S. entities to an unreliable entity list, which limits the ability of companies on the list to engage in business with Chinese customers. These restrictions could disrupt the ability of China to procure or produce semiconductors and other electronics, impact our ability to source components from China, or impact the cost of components or inputs used to produce our products.

Given the relatively fluid regulatory environment in China and the United States, there is uncertainty with how the U.S. government or foreign governments will act in response to changes in tariffs, trade policies, and foreign investment laws and regulations, which could directly and adversely impact our financial results and results of operations. We cannot predict what actions may ultimately be taken with respect to trade relations between the United States and China or other countries, what products may be subject to such actions or what actions may be taken by the other countries in retaliation. If these trade restrictions, including foreign investment restrictions, or trade barriers remain in place or if new trade restrictions or trade barriers are placed on products such as ours by U.S. or foreign governments, especially China, our costs may increase. If we are unable to obtain or use components for inclusion in our products, if component prices increase significantly or if we are unable to export or sell our products to any of our customers, our business, liquidity, financial condition, and/or results of operations would be materially and adversely affected.

If we fail to maintain effective internal control over financial reporting in the future, the accuracy and timing of our financial reporting may be adversely affected.

Assessing our processes, procedures and staffing in order to improve our internal control over financial reporting is an ongoing process. Preparing our financial statements involves a number of complex processes, many of which are dependent upon individual data input or review and are subject to human error. These processes include, but are not limited to, calculating revenue, inventory costs and the preparation of our statement of cash flows. Although we continue to automate our processes and enhance our review controls to reduce the likelihood of errors, in the future we may not be able to assert that our internal controls over financial reporting are effective under Section 404 of the Sarbanes-Oxley Act, which may adversely affect the reliability of our financial statements.

If our estimates or judgments relating to our critical accounting policies are based on assumptions that change or prove to be incorrect or if there is a change in accounting principles, our results of operations could fall below expectations of securities analysts and investors, resulting in a decline in the market price of our common stock.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. A change in these principles or interpretations could harm our revenue and financial results and could affect the reporting of transactions completed before the announcement of a change. In addition, we base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as described in "Management's Discussion and Analysis of Financial Condition and Results of Operations", in Part II, Item 7, of this Annual Report on Form 10-K, the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue and expenses. Significant assumptions and estimates used in preparing our consolidated financial statements include those related to revenue recognition, inventory valuation and supplier liabilities, income taxes and loss contingencies. If our assumptions change or if actual circumstances differ from those in our assumptions, our results of

operations may be adversely affected and may fall below the expectations of securities analysts and investors, resulting in a decline in the market price of our common stock.

Changes in our income taxes or our effective tax rate, enactment of new tax laws or changes in the application of existing tax laws of various jurisdictions or adverse outcomes resulting from examination of our income tax returns could adversely affect our results.

Our income taxes are subject to volatility and could be adversely affected by several factors, some of which are outside of our control, including the manner in which we structure our international operations, and any transfer pricing adjustments from tax authorities as a result thereof tax effects of nondeductible compensation, including certain stock-based compensation; changes in accounting principles; changes in tax law and regulations, treaties, or interpretation thereof; imposition of withholding or other taxes on payments by subsidiaries or customers; or a change in our decision to indefinitely reinvest certain foreign earnings.

Judgment is required to evaluate our tax positions and determine our income tax liability. The accounting guidance for uncertainty in income taxes applies to all income tax positions, including the potential recovery of previously paid taxes, which if settled unfavorably could adversely affect income taxes.

Taxation of earnings inside and outside of the U.S. may have adverse effects on our operating results and could impact the tax treatment of our earnings and cash and cash equivalent balances we currently maintain. For example, on July 4, 2025, the U.S. enacted tax legislation commonly referred to as the One Big Beautiful Bill Act ("OBBA Act"), which includes changes to the deductibility of certain domestic expenses effective for tax years starting after December 31, 2024 and modifications to the international tax framework effective for tax years starting on or after December 31, 2025. The Organization for Economic Cooperation and Development ("OECD"), has introduced a global minimum tax initiative ("Pillar Two"), which many countries, including members of the EU, have adopted or are considering implementing through domestic legislation. On January 5, 2026, the OECD announced its "side-by-side" elective safe harbor package that would exempt U.S.-parented multinational entities from certain provisions of Pillar Two for fiscal years beginning on or after January 1, 2026. We have assessed the impacts of these new laws on countries that we operate in and do not currently anticipate any material impacts on our effective tax rate. However, we cannot provide any assurance that there will not be a material impact to our effective tax rate in the future because of these developments or other proposed tax law changes.

Finally, we are subject to examination of our income tax returns by the Internal Revenue Service (the "IRS") and other tax authorities. Audits by the IRS or other tax authorities are subject to inherent uncertainties and could result in unfavorable outcomes, including potential fines or penalties. The expense of and time associated with defending and resolving such audits may be significant. We regularly assess the likelihood of adverse outcomes resulting from tax examinations to determine the adequacy of our provision for income taxes. We cannot assure you that fluctuations in our provision for income taxes or our effective tax rate, the enactment of new tax laws or changes in the application or interpretation of existing tax laws or adverse outcomes resulting from examination of our tax returns by tax authorities will not have an adverse effect on our business, financial condition, results of operations and prospects.

Failure to comply with governmental laws and regulations, including privacy laws, environmental laws and export controls, could harm our business.

Our business is subject to regulation by various federal, state, local and foreign governmental agencies, including agencies responsible for monitoring and enforcing employment and labor laws, workplace safety, product safety, environmental laws (including new laws related to climate change), consumer protection laws, privacy, data protection, telecommunications, anti-bribery laws such as the U.S. Foreign Corrupt Practices Act, import/export controls and sanctions, conflict minerals, federal securities laws and tax laws and regulations. In addition, emerging tools and technologies we utilize in providing our products, like AI and machine learning, may also become subject to regulation under new laws or new applications of existing laws. Violations of these laws and regulations could result in fines and penalties, criminal sanctions against us, our officers or our employees, prohibitions on the conduct of our business, and damage to our reputation.

From time to time, we may receive inquiries from governmental agencies, or we may make voluntary disclosures regarding our compliance with applicable governmental regulations or requirements relating to various matters, including import/export controls, federal securities laws and tax laws and regulations which could lead to formal investigations. Actual or alleged noncompliance with applicable laws, regulations or other governmental requirements could lead to regulatory investigations, enforcement actions, and other proceedings, private claims and litigation, and potentially may subject us to

sanctions, mandatory product recalls, enforcement actions, disgorgement of profits, fines, damages, civil and criminal penalties or injunctions. If any governmental fines, penalties, or other sanctions are imposed, or if we do not prevail in any possible civil or criminal litigation, our business, financial condition, results of operations and prospects could be materially adversely affected. In addition, responding to any investigation, action or other proceeding will likely result in a significant diversion of management's attention and resources and an increase in professional fees. Enforcement actions, investigations, fines, penalties, and other sanctions could harm our business, financial condition, results of operations and prospects.

Privacy Laws

Many jurisdictions have passed new laws and regulations relating to privacy, data protection, and other matters, and other jurisdictions are considering imposing additional restrictions. These laws continue to develop and may be inconsistent. For example, the California Consumer Privacy Act ("CCPA") became operative on January 1, 2020 and was amended by the California Privacy Rights Act ("CPRA") going into effect over time through July 1, 2023. Aspects of the CCPA/CPRA and its interpretation remain uncertain and are likely to remain uncertain for an extended period and may require us to incur additional costs and expenses in an effort to comply. In addition to the CCPA/CPRA, numerous other states have enacted or are considering similar laws that will require ongoing compliance efforts and investment. More recently, the Department of Justice issued a final rule that places limitations, and in some cases prohibitions, on access to, or certain transfers of, sensitive personal data to business partners located in China or with other specified links to China (and other designated countries).

In addition, in certain jurisdictions, these regulatory requirements may be more stringent than those in the United States, such as the EU's General Data Protection Regulation ("GDPR"). The GDPR provides for substantial obligations relating to the handling, storage and other processing of data relating to individuals and administrative fines for violations, which can be up to four percent of the previous year's annual revenue or €20 million, whichever is higher. In the past, we relied on the E.U.-U.S. and Swiss-U.S. Privacy Shield programs, and/or the use of standard contractual clauses approved by the European Commission ("SCCs"), to legitimize transfers of data out of the EU. EU courts later invalidated the E.U.-U.S. Privacy Shield and imposed additional obligations in connection with use of the SCCs. The European Commission subsequently issued new SCCs. The continued validity of these new SCCs for cross-border data transfer is uncertain and difficult to predict. Among other effects, we may experience additional costs associated with increased compliance burdens and new contract negotiations with third parties that process data on our behalf. Further, the United Kingdom ("UK") has implemented legislation that substantially mirrors the GDPR, and provides for fines of up to the greater of 17.5 million British Pounds or four percent of the previous year's annual revenue, whichever is higher. The relationship between the UK and the EU in relation to certain aspects of data protection law remains unclear following the UK's exit from the EU, including with respect to regulation of data transfers between EU member states and the UK. The UK has issued new standard contractual clauses that, like the SCCs, are required to be implemented.

We may experience reluctance or refusal by current or prospective customers in the European Economic Area (the "EEA"), the UK, or other regions to use our products, and we may find it necessary or desirable to modify our handling of personal data of residents of the EEA, UK, or other regions. The regulatory environment applicable to the handling of personal data of EEA and UK residents, and our actions taken in response, may cause us to assume additional liabilities or incur additional costs and could result in our business, operating results and financial condition being harmed. Additionally, we and our customers may face a risk of enforcement actions by data protection authorities relating to personal data transfers. Any such enforcement actions could result in substantial costs and diversion of resources, distract management and technical personnel and negatively affect our business, operating results, and financial condition.

Among other emerging laws relating to privacy and data protection globally, India has released its Digital Personal Data Protection Act 2023, and India's Ministry of Electronics and Information Technology released finalized Draft Digital Personal Data Protection Rules on November 13, 2025, addressing various matters under this law, but the full scope of the implementation remains subject to some uncertainty. We maintain an employee and operational presence in India, and this act may require us to modify our policies and practices and incur increased costs in our efforts to comply.

We also expect laws, regulations, industry standards and other obligations worldwide relating to privacy, data protection and cybersecurity to continue to evolve, and that there will continue to be new, modified, and re-interpreted laws, regulations, standards, and other obligations in these areas. For example, the Network and Information Security Directive II, or NIS2, adopted in 2023, aims to enhance cybersecurity across critical infrastructure and essential services in the EU. It expands the scope of the 2016 NIS Directive to include additional sectors while enforcing stricter governance and accountability requirements. NIS2 requires all 27 EU member states to issue implementing legislation by October 2024; however, several EU

member states have not finalized their respective legislation and guidance. Additionally, the Digital Operational Resiliency Act, or DORA, became effective in January 2025, and aims to establish a universal framework for managing and mitigating information and communication technology risks that will apply to entities in the financial sector and their third-party cloud service providers.

In addition, some countries are considering or have enacted legislation requiring local storage and processing of data that could increase the cost and complexity of delivering our services. Accordingly, we cannot predict the full impact of other evolving privacy and data protection obligations on our business or operations. Complying with emerging and changing legal and regulatory requirements relating to privacy, data protection and other matters may cause us to incur costs or require us to change our business practices, which could harm our business, financial condition, results of operations and prospects.

Environmental Laws

We are also subject to environmental laws and regulations governing the management and disposal of hazardous materials and wastes, including the hazardous material content of our products and laws relating to the collection, recycling and disposal of electrical and electronic equipment. Our failure, or the failure of our partners, including our contract manufacturers, to comply with past, present and future environmental laws could result in fines, penalties, third-party claims, reduced sales of our products, re-engineering our products, substantial product inventory write-offs and reputational damage, any of which could harm our business, financial condition, results of operations and prospects. We also expect that our business will be affected by new environmental laws and regulations on an ongoing basis applicable to us and our partners, including our contract manufacturers. To date, our expenditures for environmental compliance has not had a material effect on our results of operations or cash flows. Although we cannot predict the future effect of such laws or regulations, they will likely result in additional costs or require us to change the content or manufacturing of our products, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Export Controls

Our products are subject to various export controls and because we incorporate encryption technology into certain of our products, certain of our products may be exported from various countries only with government authorization. If we were to fail to comply with the applicable export control laws, customs regulations, economic sanctions or other applicable laws, we could be subject to monetary damages or the imposition of restrictions which could be material to our business, operating results and prospects and could also harm our reputation. Further, there could be criminal penalties for knowing or willful violations, including incarceration for culpable employees and managers. Obtaining the necessary export authorizations for a particular sale may be time-consuming and may result in the delay or loss of sales opportunities.

Furthermore, certain export control and economic sanctions laws prohibit the shipment of certain products, technology, software and services to embargoed countries and sanctioned governments, entities, and persons. The U.S. government also continues to add additional entities to restricted party lists impacting the ability of U.S. companies to provide products, and in certain cases services, to these entities and, in some cases, receive products or services from these entities.

Additionally, the U.S. government continues to expand controls enacted in October 2022 restricting the ability to export, reexport and transfer certain products and technology related to semiconductors, semiconductor manufacturing, and supercomputing. Although new regulations introduced in January 2025 which further expanded the controls to impose a worldwide licensing requirement on certain integrated circuits and computing resources that are used for training of AI models were rescinded prior to the scheduled compliance date, we expect the U.S. government may issue new controls on similar technologies in the future. The U.S. government also expanded the scope of restrictions on the development or production of advanced integrated circuits and certain semiconductor manufacturing equipment and the restrictions on supercomputing in China and other countries. Other foreign governments may in turn impose similar or more restrictive controls. These controls or any additional restrictions may impact our ability to export certain products to China or other countries, prohibit us from selling our products to certain of our customers, restrict our ability to use certain ICs in our products, or impact our suppliers who may utilize facilities or equipment described in these controls. However, certain U.S. export controls have been the subject of bilateral trade negotiations between the U.S. and China and have been partially relaxed since May 2025, with further changes possible.

It also is possible that the Chinese government will retaliate to these export controls in ways that could impact our business. For example, China has announced controls on both the use of Micron products and export controls on certain materials used, among other things, in the production of semiconductors, optical components, and other electronic devices

including germanium and gallium. These Chinese export controls have been the subject of bilateral trade negotiations between the U.S. and China and have been partially relaxed since May 2025, though further changes are possible. Further, the Chinese government has responded to U.S. actions by adding U.S. entities to an unreliable entity list, which limits the ability of companies on the list to engage in business with Chinese customers. These restrictions could disrupt the ability of China to procure or produce semiconductors and other electronics and impact our ability to source components from China and could impact the cost of components or inputs used to produce our products.

Any deterioration in relations between Taiwan and China could lead to additional sanctions or export controls on China, on specific individuals or entities, or otherwise in the region which could impact our ability to sell to certain of our customers, source components from China, or otherwise negatively impact our business.

The United States may also continue to leverage the use of “secondary tariffs” and/or “secondary sanctions” to achieve certain foreign policy goals, or increase its enforcement of such tools, which may directly or indirectly affect our business (see also the “Escalated or escalating U.S. tariffs, as well as countermeasures taken by affected countries may have a negative effect on global economic conditions, financial markets and our business, as may retaliatory actions by other countries, including China, in response to these U.S. policies” risk factor above). Even though we take precautions to ensure that we and our channel partners comply with all relevant regulations, any failure by us or our channel partners to comply with such regulations could have negative consequences, including reputational harm, government investigations and penalties. In addition, economic sanctions that are vague and not subject to guidance by regulators lead to heightened compliance risk.

Although we have developed policies and procedures to comply with export control and other applicable laws, historically, we have had some instances where we, or a business that we acquired, inadvertently did not fully comply with certain trade laws, but we made relevant disclosures to the appropriate government agencies and implemented corrective actions.

In addition, various countries regulate the import of certain encryption technology, including through import permit and license requirements, and have enacted laws that could limit our ability to distribute our products or could limit our customers’ ability to implement our products in those countries. Any change in export or import regulations, economic sanctions or related legislation, shift in the enforcement or scope of existing regulations or change in the countries, governments, persons or technologies targeted by such regulations could result in decreased use of our products by, or in our decreased ability to export or sell our products to, existing or potential customers with international operations or create delays in the introduction of our products into international markets. Any decreased use of our products or limitation on our ability to export or sell our products could adversely affect our business, financial condition, results of operations and prospects.

Issues in the development and use of artificial intelligence, combined with an uncertain regulatory environment, may result in reputational harm, liability, or other adverse consequences to our business operations.

We use machine learning and AI technologies in our offerings and business, including in our Arista Guardian for Network Identity offering, and we are making investments in expanding our AI capabilities in our products, services, and tools, including ongoing deployment and improvement of existing machine learning and AI technologies, as well as developing new product features using AI technologies. We may rely on third party AI technologies and our ability to continue to use those technologies and provide our applicable products, services and tools are subject to the continued availability and improvement of those technologies. The protectability of the intellectual property in AI-generated or assisted works and inventions is unclear. To the extent we use AI to create any valuable IP, we may not be able to protect it to the same extent that we would have, had we not used AI.

Uncertainty around new and emerging AI technologies may require additional investment in the obtaining, developing and maintaining of proprietary datasets and machine learning models, development of new approaches and processes to provide attribution or remuneration to creators of training data, and development of appropriate protections, safeguards, and policies for handling the processing of data with AI technologies, which may be costly and could impact our expenses. AI technologies also present emerging legal, ethical and social issues, including with respect to potential or actual bias reflected in, or flawed outputs of, models. AI technologies that we make use of may produce or create outputs that appear correct but are factually inaccurate or otherwise flawed, which may expose us to brand or reputational harm, competitive harm, regulatory scrutiny, and/or legal liability. We may also fail to adopt or implement certain AI technologies which could leave us at a competitive disadvantage.

Risks Related to Ownership of Our Common Stock

The trading price of our common stock has been and may continue to be volatile, and the value of your investment could decline.

The trading price of our common stock has historically been and is likely to continue to be volatile and could be subject to wide fluctuations in response to various factors, some of which are beyond our control. These fluctuations could cause you to lose all or part of your investment in our common stock. In addition, although the trading price of our common stock has increased significantly in recent years, it is uncertain to continue to increase at the same rate and it may decrease in the future. Factors that could cause fluctuations in the market price of our common stock include, but are not limited to, forward-looking statements related to future revenue, gross margins and earnings per share, changes or decreases in our growth rate, manufacturing, supply or distribution shortages or constraints, the decline in purchases from any of our large customers or the degradation in our relationships with any of our material vendors or partners, ratings changes by securities analysts, actual or anticipated announcements of new products by our company or our competitors, developments in the markets in which we operate, both in the U.S. and globally, litigation, actual or anticipated changes or fluctuations in our results of operations, regulatory developments, repurchases of our common stock, departures of key executives, the financial results or financial projections of our large customers, major catastrophic events, macroeconomic factors including changes in government administration, international trade tensions, inflation and interest rate fluctuations and other broad market and industry fluctuations.

In addition, technology stocks have historically experienced high levels of volatility and, if the market for technology stocks or the stock market in general experiences a loss of investor confidence, the market price of our common stock could decline for reasons unrelated to our business, financial condition, results of operations and prospects. The market price of our common stock might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us, or where actual financial results do not meet the expectations set by industry analysts or other market participants. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been brought against that company. If the market price of our common stock is volatile, we may become the target of securities litigation. Securities litigation could result in substantial costs and divert our management's attention and resources from our business and prospects. This could have a material adverse effect on our business, financial condition, results of operations and prospects.

We have adopted stock repurchase programs to repurchase shares of our common stock; however, any future decisions to reduce or discontinue repurchasing our common stock pursuant to such stock repurchase programs could cause the market price of our common stock to decline.

Although our board of directors has authorized stock repurchase programs, any determination to execute stock repurchases will be subject to, among other things, our financial position and results of operations, available cash and cash flow, capital requirements, market and business conditions, stock price, acquisition opportunities and other factors, as well as our board of director's continuing determination that the repurchase programs are in the best interests of our shareholders and is in compliance with all laws and agreements applicable to the repurchase programs. Our stock repurchase programs do not oblige us to acquire any common stock. If we fail to meet any expectations related to stock repurchases, the market price of our common stock could decline, and could have a material adverse impact on investor confidence. Additionally, price volatility of our common stock over a given period may cause the average price at which we repurchase our common stock to exceed the stock's market price at a given point in time.

We may further increase or decrease the amount of repurchases of our common stock in the future. As part of the Inflation Reduction Act of 2022 signed into law in August 2022, the United States implemented a 1% excise tax on the value of certain stock repurchases by publicly traded companies. This tax could increase the costs to us of any share repurchases, which could reduce the number of shares we repurchase. Any reduction or discontinuance by us of repurchases of our common stock pursuant to our current stock repurchase programs could cause the market price of our common stock to decline. Moreover, in the event repurchases of our common stock are reduced or discontinued, our failure or inability to resume repurchasing common stock at historical levels could result in a lower market valuation of our common stock.

Sales of substantial amounts of our common stock in the public markets, or the perception that such sales might occur, could reduce the market price that our common stock might otherwise attain and dilute your voting power and your ownership interest in us.

Sales of a substantial number of shares of our common stock in the public market, or the perception that such sales could occur, could adversely affect the market price of our common stock and may make it more difficult for you to sell your

common stock at a time and price that you deem appropriate and may dilute your voting power and your ownership interest in us. In addition, we have registered the offer and sale of all shares of common stock that we may issue under our equity compensation plans. If holders, by exercising their registration rights, sell large numbers of shares, it could adversely affect the market price of our common stock.

Insiders have substantial control over us, which could limit your ability to influence the outcome of key transactions, including a change of control.

Our directors, executive officers and each of our stockholders who own greater than 10% of our outstanding common stock together with their affiliates, in the aggregate, beneficially own approximately 17.3% of the outstanding shares of our common stock, based on shares outstanding as of December 31, 2025. As a result, these stockholders, if acting together, could exercise a significant level of influence over matters requiring approval by our stockholders, including the election of directors and the approval of mergers, acquisitions or other extraordinary transactions. They may also have interests that differ from yours and may vote in a way with which you disagree and which may be averse to your interests. This concentration of ownership may also discourage a potential investor from acquiring our common stock due to the limited voting power of such stock or otherwise may have the effect of delaying, preventing or deterring a change of control of our company, could deprive our stockholders of an opportunity to receive a premium for their common stock as part of a sale of our company and might ultimately affect the market price of our common stock.

Our charter documents and Delaware law could discourage takeover attempts and lead to management entrenchment.

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that could delay or prevent a change in control of our company. These provisions could also make it difficult for stockholders to elect directors that are not nominated by the current members of our board of directors or take other corporate actions, including effecting changes in our management. These provisions include:

- a classified board of directors with three-year staggered terms, which could delay the ability of stockholders to change the membership of a majority of our board of directors;
- the ability of our board of directors to issue shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;
- the exclusive right of our board of directors to elect a director to fill an unfilled seat on our board of directors created by the expansion of our board of directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors;
- a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders;
- the requirement that a special meeting of stockholders may be called only by the chairman of our board of directors, our chief executive officer, one of our presidents (in the absence of our chief executive officer) or our board of directors, by a vote of a majority of the total number of authorized directors, which could delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors;
- the requirement that a director may be removed from office by our stockholders only for cause and only by the affirmative vote of holders of at least 66 2/3% of the voting power of our capital stock entitled to vote thereon;
- the requirement for the affirmative vote of holders of at least 66 2/3% of the voting power of all of the then outstanding shares of our capital stock entitled to vote generally in the election of directors, voting together as a single class, to amend the provisions of our amended and restated certificate of incorporation relating to the structure of our board of directors, the management of our business, and certain rights of our stockholders (including the prohibition on the stockholder's ability to act by written consent), which may inhibit the ability of an acquirer to effect such amendments to facilitate an unsolicited takeover attempt;
- the requirement for the affirmative vote of holders of at least 66 2/3% of the voting power of our capital stock entitled to vote thereon for stockholders to amend, alter or repeal our amended and restated bylaws, which may inhibit the ability of an acquirer to effect such amendments to facilitate an unsolicited takeover attempt;

- the ability of our board of directors, by a vote of a majority of the total number of authorized directors, to amend the bylaws, which may allow our board of directors to take additional actions to prevent an unsolicited takeover and inhibit the ability of an acquirer to amend the bylaws to facilitate an unsolicited takeover attempt; and
- advance notice procedures with which stockholders must comply to nominate candidates to our board of directors or to propose matters to be acted upon at a stockholders' meeting, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of us.

In addition, as a Delaware corporation, we are subject to Section 203 of the Delaware General Corporation Law. These provisions may prohibit large stockholders, in particular those owning 15% or more of our outstanding voting stock, from merging or combining with us for a certain period of time.

General Risks

We may become involved in litigation that may materially adversely affect us.

From time to time, we are involved in legal proceedings relating to matters incidental to the ordinary course of our business, including patent, copyright, commercial, product liability, employment, class action, whistleblower and other litigation, in addition to governmental and other regulatory investigations and proceedings. Such matters can be time-consuming, divert management's attention and resources, cause us to incur significant expenses or liability and/or require us to change our business practices.

Because of the potential risks, expenses and uncertainties of litigation, we may, from time to time, settle disputes, even where we have meritorious claims or defenses. Although we have insurance which may provide coverage for some kinds of claims we may face, that insurance may not cover some kinds of claims or types of relief and may not be adequate in a particular case. Because litigation is inherently unpredictable, we cannot assure you that the results of any of these actions will not have a material adverse effect on our business, financial condition, results of operations and prospects.

For more information regarding the litigation in which we have been involved, see the "Legal Proceedings" subheading in Note 5. Commitments and Contingencies of the Notes to Consolidated Financial Statements included in Part II, Item 8, of this Annual Report on Form 10-K.

If we are unable to hire, retain, train and motivate qualified personnel and senior management, our business, financial condition, results of operations and prospects could suffer.

Our future success depends, in part, on our ability to continue to attract and retain highly skilled personnel, particularly software engineering and sales personnel. In addition, we are expanding internationally and into adjacent markets including the enterprise and AI market, which requires a significant investment of time, effort and financial resources into hiring and training our sales force to address these markets. If we do not effectively train our direct sales force, we may be unable to add new customers, increase sales to our existing customers, or successfully expand into new markets. Competition for highly skilled personnel is often intense, especially in the San Francisco Bay Area where we have a substantial presence and need for highly skilled personnel, especially with certain types of technical skills like in AI. Many of the companies with which we compete against for experienced personnel may have greater resources and be able to provide more attractive compensation packages and other amenities. Research and development personnel are aggressively recruited by startup and growth companies, which are especially active in many of the technical areas and geographic regions in which we conduct product development. In addition, in making employment decisions, particularly in the high-technology industry, job candidates often consider the value of the stock-based compensation they are to receive in connection with their employment. Declines in the market price of our stock could adversely affect our ability to attract, motivate or retain key employees. In addition, our future performance also depends on the continued services and continuing contributions of our senior management to execute our business plan and to identify and pursue new opportunities and product innovations. Our employment arrangements with our employees do not generally require that they continue to work for us for any specified period, and therefore, they could terminate their employment with us at any time. If we are unable to attract or retain qualified personnel, or if there are delays in hiring required personnel, our business, financial condition, results of operations and prospects may be seriously harmed.

Our business is subject to the risks of natural disasters, social unrest, violent conflicts, systemic failures and other catastrophic events.

Our corporate headquarters and the operations of our key manufacturing vendors, logistics providers and partners, as well as many of our customers, are located in areas, such as the San Francisco Bay Area, Japan and Taiwan, that are exposed to risks of natural disasters and threats, such as fires, earthquakes, tsunamis, extreme precipitation or winds, high heat or outbreaks of disease, and systemic failures, or other catastrophic events, such as widespread power outages or transportation network malfunctions. In addition, climate change may result in greater frequency and severity of such natural disasters and systemic failures. A significant natural disaster, epidemic or pandemic, systemic failure, flood or other similar event, could have a material adverse effect on our or their business, which could in turn materially affect our financial condition, results of operations and prospects. These events could result in manufacturing and supply chain disruptions, shipment delays, order cancellations, and sales delays which could result in missed financial targets. Any such disruption of our suppliers, our contract manufacturers or our service providers would likely impact our supply chain, sales and operating results. These events could also have a material adverse effect on the demand for our products, which could in turn materially affect our financial condition, results of operations and prospects. In addition, acts of terrorism, war, and other social unrest, violent or otherwise, could cause disruptions in our business or the business of our manufacturers, logistics providers, partners or customers or the economy as a whole. Given our typical concentration of sales at each quarter end, any disruption in the business of our manufacturers, logistics providers, partners or customers that affects sales at the end of our quarter could have a particularly significant adverse effect on our quarterly results.

We have not paid dividends in the past and do not intend to pay dividends for the foreseeable future.

We have never declared nor paid any dividends on our common stock, and we do not anticipate paying any cash dividends in the foreseeable future. As a result, you may only receive a return on your investment in our common stock if the market price of our common stock increases.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 1C. Cybersecurity

Cybersecurity Risk Management and Strategy

We have developed and implemented a cybersecurity risk management program intended to protect the confidentiality, integrity, and availability of our critical systems and information. In addition, our Legal and Information Technology ("IT")/Information Security ("IS") teams work together to oversee our compliance with applicable laws and regulations and coordinate with subject matter experts throughout our business to identify, monitor and mitigate risk including information security risk management and cyber defense programs.

Our cybersecurity risk management program is aligned with our overall enterprise risk management programs and shares common methodologies, reporting channels and governance processes that apply across the enterprise risk management programs to other legal, compliance, strategic, operational, and financial risk areas.

Our cybersecurity risk management program includes:

- an information security management systems policy, including a business continuity policy, acceptable use and physical security policies, and an incident response policy and plan for responding to cybersecurity incidents, among others;
- risk assessments designed to help identify material cybersecurity risks to our critical systems, information, products, services, and our broader enterprise IT environment;
- a security team principally responsible for managing (1) our cybersecurity risk assessment processes, (2) our security controls, and (3) our response to cybersecurity incidents;
- the use of internal audit teams and external service providers, where appropriate, to assess, test or otherwise assist with aspects of our security controls;
- cybersecurity awareness, data protection, and privacy training of our employees, incident response personnel, and senior management; and
- a vetting and management process for third party service providers, suppliers, and vendors

Through this program, our IT/Cybersecurity team identifies and executes improvements based upon its own assessments, public cybersecurity events and the identification of new risks by third parties, including our external cybersecurity consultants. As part of these continuous improvement efforts, there may be times when the IT/Cybersecurity team prioritizes certain cybersecurity fixes or program improvements over other measures, which could lead to new known or unknown risks being identified on an ongoing basis. Cybersecurity threat actors are often highly sophisticated and nimble in their attacks. Despite these efforts, we cannot guarantee that our priorities and efforts will prevent any cybersecurity incident from happening.

We also engage in periodic testing programs, using both internal assets and external consultants, including penetration testing, and incorporate multiple layers of physical, logical and written controls into our cybersecurity risk management program. Our IT/Cybersecurity team leverages centralized identity management, encryption configurations and technologies on the systems, devices, and third-party connections used in our operations.

We also maintain cyber liability insurance coverage. While we currently hold such coverage, we cannot be certain that our insurance coverage will be adequate for liabilities actually incurred, that insurance will continue to be available to us on economically reasonable terms, or at all, or that any future claim will not be excluded or otherwise be denied coverage by any insurer.

As of the date of this report, we have not identified any risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, that we believe have, or are likely to, materially affect us, our business strategy, results of operations, or financial condition. For additional information concerning risks from cybersecurity threats, please refer to Item 1A, "Risk Factors," in this annual report on Form 10-K, including the risk factors in the category entitled, "Risks Related to Cybersecurity and Data Privacy".

Cybersecurity Governance

Our Board considers cybersecurity risk as part of its risk oversight function and has delegated to the Audit Committee (Committee) oversight of cybersecurity and other information technology risks. The Committee oversees management's

implementation of our cybersecurity risk management program. The Committee receives quarterly reports from our Vice President and Chief Information Security Officer ("CISO"), in conjunction with other senior managers, on cybersecurity risks. In addition, these managers update the Committee, as necessary, regarding any material cybersecurity incidents, as well as incidents with lesser impact potential. The Committee reports to the full Board on cybersecurity no less frequently than once annually. The full Board also receives briefings from management on our cyber risk management program on a periodic basis.

Our cybersecurity program includes an annual funding and forecast process, and we have further established processes to secure additional funding in response to emerging risks, threats and identified improvement opportunities. Our Cybersecurity team, led by one of our Vice Presidents who also serves as our CISO, is responsible for assessing and managing risks from cybersecurity threats. The Cybersecurity team has primary responsibility for our overall cybersecurity risk management program and supervises both our internal cybersecurity personnel and our external cybersecurity consultants.

Our CISO has over 20 years of experience in the cybersecurity industry and has been instrumental in building several key security technologies, viz. Network Intrusion Prevention Systems ("NIPS"), Host Intrusion Prevention Systems ("HIPS"), Web Application Firewalls ("WAF"), Whitelisting, Endpoint/Server Host Monitoring ("EDR") and Virtualization Based Security ("VBS"). Previously, our CISO served in senior executive and technical leadership roles in several security companies. In addition, our CISO has experience as a pen-tester and has in-depth knowledge of operating systems, networking and security products. Our CISO holds a bachelor's degree in computer science and a master's degree in software systems. In addition, our IS team includes over 20 members each with experience in network security related roles, with the two IS leads reporting to our CISO each having more than 20 years of security experience.

Our management team, including our CISO in consultation with our Chief Technology Officer and Chief Financial Officer, supervises efforts to prevent, detect, mitigate, and remediate cybersecurity risks and incidents, which may include: briefings from internal security personnel; threat intelligence and other information obtained from governmental, public or private sources, including external cybersecurity consultants; and alerts and reports produced by security tools deployed in our IT environment. However, as indicated above, we cannot guarantee that our efforts will prevent any cybersecurity incident from occurring.

As part of our Cybersecurity program, our Cybersecurity Executive Committee and Information Security Steering Committee meet throughout the year to monitor and assess information security risks. In addition, we perform an enterprise risk assessment that is reviewed by the Committee and our Board of Directors on an annual basis and monitored on a quarterly basis by the Committee. The enterprise risk assessment is an assessment of key risks, including information security risks, data privacy, supply chain, human capital, and other risks.

Item 2. Properties

Our corporate headquarters are located in Santa Clara, California where we lease approximately 180,000 square feet of space under a lease agreement that expires in March 2027. During the year ended December 31, 2021, we purchased land and the improvements thereon in Santa Clara, California to construct a building for office, lab and data center space. In addition, we lease office spaces for data centers, operations, sales personnel and research and development in locations throughout the U.S. and various international locations, including Ireland, Canada, India, and Australia. We also lease data centers in the U.S., Ireland and Australia. We believe that our current facilities are adequate to meet our current needs and are being utilized by our business.

Item 3. Legal Proceedings

The information set forth under the "Legal Proceedings" in Note 5. Commitments and Contingencies of the Notes to Consolidated Financial Statements included in Part II, Item 8, of this Annual Report on Form 10-K is incorporated herein by reference.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities

Market Information

Our common stock is listed on the NYSE under the symbol “ANET”. As of February 10, 2026, there were 38 holders of record of our common stock. Because many of our shares of common stock are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of stockholders represented by these record holders.

Dividend Policy

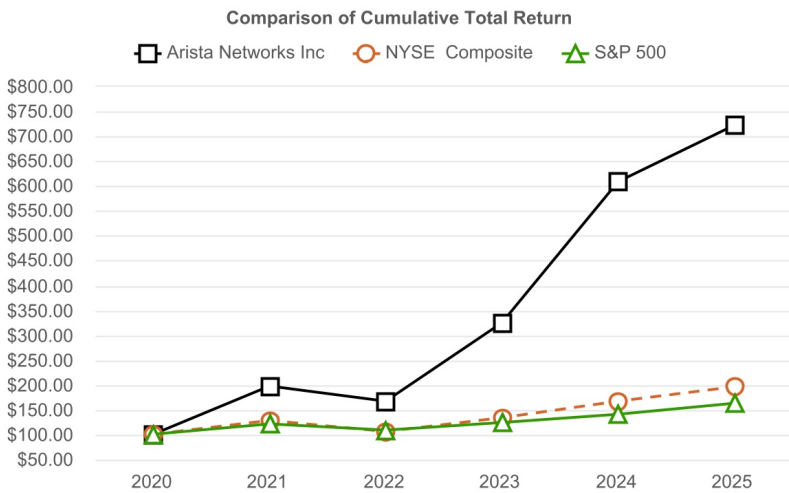
We have never declared nor paid any cash dividends on our common stock, and we do not anticipate paying any cash dividends in the foreseeable future.

Stock Performance Graph

The following shall not be deemed “filed” for purposes of Section 18 of the Exchange Act, or incorporated by reference into any of our other filings under the Exchange Act or the Securities Act, except to the extent we specifically incorporate it by reference into such filing.

The following graph compares the cumulative total return of our common stock with the total return for the NYSE Composite Index and the Standard & Poor’s 500 Index (the “S&P 500”) from December 31, 2020 (the last trading day of the year) to December 31, 2025.

The graph assumes \$100 was invested at the market close on December 31, 2020 in the Company’s common stock and in each of the aforementioned indices with the re-investment of dividends, if any. The stock price performance on the following graph is not necessarily indicative of future stock price performance.



Securities Authorized for Issuance Under Equity Compensation Plans

The information set forth under "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" included in Part III, Item 12 of this Annual Report on Form 10-K is incorporated herein by reference.

Recent Sales of Unregistered Equity Securities

There were no sales of unregistered securities during fiscal year 2025.

Issuer Repurchases of Equity Securities

Under our equity incentive plans, certain participants may exercise options prior to vesting, subject to a right of repurchase by us. During the fourth quarter of 2025, there were no repurchases of unvested shares of our common stock made pursuant to our equity incentive plans as a result of us exercising our rights nor pursuant to any publicly-announced plan or program.

Stock Repurchase Program

From time to time, we repurchase shares of our common stock pursuant to repurchase programs that are funded from working capital. In May 2025, we completed repurchases under our previous \$1.2 billion stock repurchase program (the "Prior Repurchase Program"), and our board of directors authorized a new \$1.5 billion stock repurchase program (the "New Repurchase Program" and together with the Prior Repurchase Program, the "Repurchase Programs"). This authorization allows us to repurchase shares of our common stock that will be funded from working capital. Repurchases may be made at management's discretion from time to time on the open market, through privately negotiated transactions, transactions structured through investment banking institutions, block purchases, trading plans under Rule 10b5-1 of the Exchange Act, or a combination of the foregoing. The New Repurchase Program does not obligate us to acquire any of our common stock and may be suspended or discontinued by the Company at any time without prior notice. During the year ended December 31, 2025, we repurchased a total of \$921.0 million of our common stock under our Prior Repurchase Program and \$682.1 million of our common stock under our New Repurchase Program. As of December 31, 2025, the remaining authorized amount for stock repurchases under the New Repurchase Program was approximately \$817.9 million.

Our repurchases for the three months ended December 31, 2025 are disclosed as below (in millions, except per share amounts). For our repurchase activities made for the year ended December 31, 2025, please refer to Note 6. Stockholders' Equity and Stock-Based Compensation of the Notes to Consolidated Financial Statements included in Part II, Item 8, of this Annual Report on Form 10-K.

	Total Number of Shares Purchased	Average Price Paid Per Share ⁽²⁾	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽¹⁾	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Publicly Announced Plans or Programs
October 1, 2025 - October 31, 2025	—	\$ —	—	\$ 1,438.0
November 1, 2025 - November 30, 2025	4.8	127.84	4.8	817.9
December 1, 2025 - December 31, 2025	—	—	—	817.9
Total	<u>4.8</u>		<u>4.8</u>	

(1) On May 7, 2024, we announced that on May 3, 2024, our board of directors authorized the Prior Repurchase Program allowing up to \$1.2 billion stock repurchases, which was set to expire in May, 2027. In May 2025, we completed repurchases under the Prior Repurchase Program. On May 6, 2025, we announced that on May 2, 2025 our board of directors authorized the New Repurchase Program allowing up to \$1.5 billion stock repurchases. The New Repurchase Program expires on the earlier of the repurchase by the Company of \$1.5 billion pursuant to the New Repurchase Program or our Board of Directors' termination of the New Repurchase Program.

(2) Aggregate purchase price and average price paid per share for the year of 2025 include costs associated with the repurchases but exclude the 1% excise tax accrued on our share repurchases as a result of the Inflation Reduction Act of 2022.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis of our financial condition and results of operations together with the consolidated financial statements and related notes that are included elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements based upon current plans, expectations and beliefs that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under “Risk Factors” and elsewhere in this Annual Report on Form 10-K.

Overview

In a world where data is increasingly a precious commodity and competitive differentiator, Arista was founded to enable our customers to access all their centers of data in the quickest, most reliable, and secure manner. Over the last two decades, we have emerged as an industry leader, delivering data-driven, client-to-cloud networking-as-a-service. Our “Centers of Data” strategy is a fundamental pivot from legacy networking approaches that create incongruent silos to a unified, data-driven approach in which the network is a service that interconnects four primary domains: AI Centers, Data Centers, Campus Centers, and WAN Centers. Anchored by Arista’s state-oriented Extensible Operating System (EOS) and Network Data Lake (NetDL), our network-as-a-service platform delivers a seamless, consolidated networking experience regardless of data location

Our solutions are differentiated because they:

- offer uncompromising reliability derived from the foundation of robust quality assurance capabilities, and a suite of automated diagnostics;
- are based on advanced open and standards-based technology that avoids what is often expensive vendor lock-in, and
- provide consistent real-time telemetry and intelligent automation to decrease the manual workload on the operator.

This strategy and differentiation have also allowed us to deliver our comprehensive suite of products, services, and technologies to a global customer base segmented into three primary categories: Cloud and AI Titans, AI and Specialty Providers, and Enterprise. Market research confirms that we continue to be a leader in high-speed Ethernet switching. The percentage of revenue derived from these customers during the current fiscal year was approximately 48% from Cloud and AI Titans, 32% from Enterprise and 20% from AI and Specialty Providers.

Arista established itself as a market leader with platforms, products, and people to enable some of these hyperscalers’ most consequential networks. Our network-as-a-service approach now empowers customers of all sizes to seamlessly leverage their data through offerings spanning three key categories: Core (AI, Cloud, and Data Center Networking), Cognitive Adjacencies (Campus and Routing), and Cognitive Networks (Software and Services). The percentage of revenue derived from these product categories during the current fiscal year was approximately 65% from Core, 18% from Cognitive Adjacencies, and 17% from Software and Services. With world-class engineering expertise and platform innovation, our customers gain the predictable performance and operational simplicity required to turn data into a sustainable competitive advantage in a modern, AI-driven world.

The market for cloud networking is characterized by rapid technological evolution, intensifying competition, and the expansion of generative and agentic AI. To sustain our success and adapt to the market, we must increase sales in cloud, AI and enterprise data center Ethernet switching/routing markets, and campus workspace markets by leveraging our ability to rapidly develop new features and software applications. Our growth strategy relies on maintaining our agility and increasing our investment in research and development to deliver market-leading features to enhance the functionality of our existing cloud networking platform, expand our product offerings and build upon our technology leadership. In addition, we must continue to expand our global sales force and deepen our channel partnerships to reach new customers more effectively and increase sales to existing customers.

Historically, a limited number of customers have accounted for a significant portion of our revenue. Two of our customers accounted for more than 10% of our total revenue in each of the last three years. Sales to one end customer represented 16%, 15%, and 21% of our total revenue, and sales to the other end customer represented 26%, 20%, and 18% of our total revenue for the years ended December 31, 2025, 2024, and 2023, respectively. We have experienced unpredictability in the timing of orders from our high-volume customers, primarily due to the inherent complexity of large-scale orders and fluctuations in their specific demand. This includes reductions or shifts in their capital expenditure budgets, as well as the impact of their internal cost-reduction and efficiency initiatives. Furthermore, variability in customer concentration is driven by the timing of new product deployments, customer spending cycles, and the extensive periods required for evaluation, testing, and qualification. We expect this variability in concentration and sales timing to continue on both a quarterly and annual basis.

Additionally, the pricing discounts typically required for these large-scale orders often reduce gross margins in the periods when the sales occur.

We believe an increased focus on the deployment of AI-enabled solutions by our large customers has accelerated the need for advanced technology offerings, including some offerings from potential new market entrants. This prioritization and acceleration of AI related infrastructure investment has, at times, come in conjunction with a reduction or changes in the mix of previously planned purchases and various cost reduction measures by these customers, including optimization and increased efficiency in non-AI related capital expenditures. In addition, although the focus on deployment of AI-enabled solutions has driven increased demand for networking, the long-term trajectory is unknown. As such, demand estimates for our new products are difficult to forecast and can create volatility in our revenue. We remain in a period of new product introductions and expanded use cases, particularly in the AI Ethernet market. This has resulted in increased customer trials and contracts with acceptance periods, and an increase in the volatility and magnitude of our product deferred revenue balances, which in turn may create variability in our revenue results on a quarterly and annual basis. In addition, if we are not able to satisfy the requirements under customer trials or contracts with acceptance periods, we may be required to accept product returns from our customers, which would prevent us from recognizing revenue on such transactions and may result in the write-down of inventory.

Macroeconomic Update

Global economic and business activities continue to face widespread macroeconomic uncertainties, including the effects of, among other things, inflation, monetary policy shifts, recession risks, potential supply chain disruptions, changes in government administration policy positions, and geopolitical pressures, including escalating international trade measures and tariff uncertainty.

Management is actively working with contract manufacturers and suppliers to optimize our supply chain in response to evolving international trade policies and tariff uncertainties. While we have not yet experienced significant disruptions, the potential for future trade measures remains a risk to our supply chain continuity and product costs. We are maintaining a disciplined fulfillment cadence to ensure reliable inventory deployment. As we build capacity to meet escalating demand, we are shipping products against previously committed demand/deployment plans and accelerating some deployments as needed. Simultaneously, we are balancing customers' requirements and lead times against the availability and lead times of key components and products from our suppliers and contract manufacturers. Given the timing and prioritization of customer orders and shipment patterns, as well as the timing and outcome of customer trials and contracts with acceptance periods, near term revenue trends may not be reflective of current demand levels and may benefit from demand/deployment plans that have been previously committed.

In addition, we anticipate continued volatility in our inventory and purchase commitments as a result of new product introductions, shifts in customer demand, and fluctuations in supplier lead times. This volatility creates a heightened risk of excess or obsolete inventory and supplier liability charges. Simultaneously, supply chain inflation and material scarcity, such as the recent tightening of supply conditions in the memory market, have continued to put pressure on our gross margin. If tariff or non-tariff measures escalate, and/or if supply conditions worsen and we are unable to pass on these costs to customers, our gross margins could be further impacted. Additionally, broader macroeconomic instability could negatively affect demand, particularly within the enterprise market. Given these unpredictable factors, current financial conditions discussed herein may not be indicative of future operating results and trends.

Results of Operations

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Revenue, Cost of Revenue and Gross Margin (in millions, except percentages)

	Year Ended December 31,				Change in	
	2025		2024			
	\$	% of Revenue	\$	% of Revenue	\$	%
Revenue						
Product	\$ 7,576.9	84.1 %	\$ 5,884.0	84.0 %	\$ 1,692.9	28.8 %
Service	1,428.8	15.9	1,119.1	16.0	309.7	27.7
Total revenue	9,005.7	100.0	7,003.1	100.0	2,002.6	28.6
Cost of revenue						
Product	2,978.7	33.1	2,299.0	32.8	679.7	29.6
Service	258.3	2.8	212.8	3.1	45.5	21.4
Total cost of revenue	3,237.0	35.9	2,511.8	35.9	725.2	28.9
Gross profit	\$ 5,768.7	64.1 %	\$ 4,491.3	64.1 %	\$ 1,277.4	28.4 %
Gross margin		64.1 %		64.1 %		

Revenue by Geography (in millions, except percentages)

	Year Ended December 31,			
	2025	% of Total	2024	% of Total
Americas	\$ 7,122.1	79.1 %	\$ 5,729.0	81.8 %
Europe, Middle East and Africa	1,070.3	11.9	713.2	10.2
Asia-Pacific	813.3	9.0	560.9	8.0
Total revenue	\$ 9,005.7	100.0 %	\$ 7,003.1	100.0 %

Revenue

Product revenue primarily consists of sales of our switching and routing products, and related network applications. Service revenue is primarily derived from sales of PCS contracts, which are typically purchased in conjunction with our products, and subsequent renewals of those contracts. We expect our revenue may vary from period to period based on, among other things, industry and customer cyclicalities, the timing, size, and complexity of orders, especially with respect to our large customers, and the time it takes for customers to evaluate, test, qualify and accept our products and services.

Product revenue increased by \$1.7 billion, or 28.8%, for the year ended December 31, 2025 compared to 2024. This increase reflects healthy customer demand and higher shipments of our switching and routing platforms, with strong contributions across our customer base. In addition, service revenue increased by \$309.7 million, or 27.7%, for the year ended December 31, 2025 compared to 2024, as a result of continued growth in initial and renewal support contracts as our customer installed base has continued to expand. Non - Americas revenues as a percentage of our total revenues increased from 18.2% in 2024 to 20.9% in 2025, which was primarily driven by changes in the geographic mix of sales to our large global customers.

Cost of Revenue and Gross Margin

Cost of product revenue primarily consists of amounts paid for inventory to our third-party contract manufacturers and merchant silicon vendors, overhead costs of our manufacturing operations, including freight, and other costs associated with manufacturing our products and managing our inventory and supply chain. Cost of service revenue primarily consists of personnel and other costs associated with our global customer support and services organizations.

Cost of revenue increased by \$725.2 million, or 28.9% for the year ended December 31, 2025 compared to 2024. These increases were driven by a corresponding increase in product and service revenues.

Gross margin, or gross profit as a percentage of revenue, has been and will continue to be affected by a variety of factors, including pricing pressure on our products and services due to competition, the mix of sales to large customers who generally receive lower pricing, the mix of products sold, manufacturing-related costs, including costs associated with our manufacturing operations personnel, inflationary pressure and scarcity of materials in our supply chain, merchant silicon costs,

and excess/obsolete inventory and supplier liability charges. We expect our gross margin to fluctuate over time, depending on the factors described above.

Gross margin remained constant at 64.1% for the years ended December 31, 2025 and 2024.

Operating Expenses (in millions, except percentages)

Our operating expenses consist of research and development, sales and marketing, and general and administrative expenses. The largest component of our operating expenses is personnel costs and new product introduction costs. Personnel costs consist of wages, benefits, bonuses and, with respect to sales and marketing expenses, sales incentive compensation. Personnel costs also include stock-based compensation and travel-related expenses. New product introduction costs are primarily comprised of third-party engineering and prototype expenses.

	Year Ended December 31,					
	2025		2024		Change in	
	\$	% of Revenue	\$	% of Revenue	\$	%
Operating expenses:						
Research and development	\$ 1,237.3	13.8 %	\$ 996.7	14.2 %	\$ 240.6	24.1 %
Sales and marketing	533.4	5.9	427.3	6.1	106.1	24.8
General and administrative	141.9	1.6	122.7	1.8	19.2	15.6
Total operating expenses	\$ 1,912.6	21.3 %	\$ 1,546.7	22.1 %	\$ 365.9	23.7 %

Research and development.

Research and development expenses consist primarily of personnel costs, new product introduction costs and an allocated portion of facility and IT costs. Our research and development efforts are focused on new product development and maintaining and developing additional functionality for our existing products, including new releases and upgrades to our EOS software and applications. We expect our research and development expenses to increase in absolute dollars as we continue to invest in research and development in order to expand the capabilities of our cloud networking platform, introduce new products and features, and continue to invest in our technology.

Research and development expenses increased by \$240.6 million, or 24.1%, for the year ended December 31, 2025 compared to 2024. The increase was primarily due to a \$95.6 million increase in personnel costs driven by an increase in headcount, and a \$78.6 million increase in new product introduction costs, including third-party engineering costs and prototype expenses as we expand our product portfolio.

Sales and marketing.

Sales and marketing expenses consist primarily of personnel costs, marketing, trade shows, and other promotional activities, and an allocated portion of facility and IT costs. We expect our sales and marketing expenses to increase in absolute dollars as we continue to expand our sales and marketing efforts worldwide.

Sales and marketing expenses increased by \$106.1 million, or 24.8%, for the year ended December 31, 2025 compared to 2024 primarily due to an increase in personnel costs driven by an increase in headcount.

General and administrative.

General and administrative expenses consist primarily of personnel costs and professional services costs for our finance, human resources, legal and certain executive functions. Our professional services costs are primarily related to external legal, accounting, and tax services.

General and administrative expenses increased by \$19.2 million, or 15.6%, for the year ended December 31, 2025 compared to 2024 primarily due to an increase in professional fees.

Other Income, Net (in millions, except percentages)

Other income (expense), net consists primarily of interest income from our cash, cash equivalents and marketable securities. We expect other income (expense), net may fluctuate in the future as a result of changes in interest rates, changes in our cash, cash equivalents and marketable securities balances.

	Year Ended December 31,				Change in	
	2025		2024		\$	%
	\$	% of Revenue	\$	% of Revenue		
Other income (expense), net:						
Interest income	\$ 383.4	4.3 %	\$ 311.0	4.4 %	\$ 72.4	23.3 %
Other income (expense), net	10.2	0.1	9.5	0.1	0.7	7.4
Total other income, net	\$ 393.6	4.4 %	\$ 320.5	4.6 %	\$ 73.1	22.8 %

The favorable movement in other income (expense), net, during the year ended December 31, 2025 as compared to 2024 was driven by an increase in interest income of \$72.4 million due to an increase in our cash and marketable securities balances.

Provision for Income Taxes (in millions, except percentages)

We operate in a number of tax jurisdictions and are subject to taxes in each country or jurisdiction in which we conduct business. Earnings from our non-U.S. activities are subject to local country income tax and may also be subject to U.S. income tax. Generally, our U.S. tax obligations are reduced by a credit for foreign income taxes paid on these foreign earnings, which avoids double taxation. Our tax expense to date consists of federal, state and foreign current and deferred income taxes.

	Year Ended December 31,				Change in	
	2025		2024		\$	%
	\$	% of Revenue	\$	% of Revenue		
Provision for income taxes	\$ 738.3	8.2 %	\$ 413.0	5.9 %	\$ 325.3	78.8 %
Effective tax rate	17.4 %		12.6 %			

On July 4, 2025, the OBBB Act was signed into law in the U.S. This legislation contains a broad range of tax reform provisions affecting businesses, which are reflected in our twelve months ended December 31, 2025 period results.

Our provision for income taxes and effective tax rate increased for the year ended December 31, 2025, as compared to 2024. The increase in our income taxes was primarily associated with a decrease in tax benefits attributable to equity-based compensation. For further information regarding income taxes and the impact on our results of operations and financial position, refer to Note 8, Income Taxes of the Notes to Consolidated Financial Statements included in Part II, Item 8, of this Annual Report on Form 10-K.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue, Cost of Revenue and Gross Margin (in millions, except percentages)

	Year Ended December 31,				Change in	
	2024		2023		\$	%
	\$	% of Revenue	\$	% of Revenue		
Revenue						
Product	\$ 5,884.0	84.0 %	\$ 5,029.5	85.8 %	\$ 854.5	17.0 %
Service	1,119.1	16.0	830.7	14.2	288.4	34.7
Total revenue	7,003.1	100.0	5,860.2	100.0	1,142.9	19.5
Cost of revenue						
Product	2,299.0	32.8	2,061.2	35.2	237.8	11.5
Service	212.8	3.1	168.7	2.9	44.1	26.1
Total cost of revenue	2,511.8	35.9	2,229.9	38.1	281.9	12.6
Gross profit	\$ 4,491.3	64.1 %	\$ 3,630.3	61.9 %	\$ 861.0	23.7 %
Gross margin	64.1 %		61.9 %			

Revenue by Geography (in millions, except percentages)

	Year Ended December 31,			
	2024		2023	
	\$	% of Total	\$	% of Total
Americas	\$ 5,729.0	81.8 %	\$ 4,651.2	79.3 %
Europe, Middle East and Africa	713.2	10.2	671.0	11.5
Asia-Pacific	560.9	8.0	538.0	9.2
Total revenue	\$ 7,003.1	100.0 %	\$ 5,860.2	100.0 %

Revenue

Product revenue increased by \$854.5 million, or 17.0%, for the year ended December 31, 2024 compared to 2023. This increase reflects healthy customer demand and higher shipments of our switching and routing platforms, with strong contributions across our customer base. In addition, service revenue increased by \$288.5 million, or 34.7%, for the year ended December 31, 2024 compared to 2023, as a result of continued growth in initial and renewal support contracts as our customer installed base has continued to expand. Non - Americas revenues as a percentage of our total revenues decreased from 20.6% in 2023 to 18.2% in 2024, which was primarily driven by changes in the geographic mix of sales to our large global customers.

Cost of Revenue and Gross Margin

Cost of revenue increased by \$282.0 million, or 12.6% for the year ended December 31, 2024 compared to 2023. These increases were driven by a corresponding increase in product and service revenues, partially offset by reductions of \$180.4 million in net excess/obsolete inventory and supplier liability charges for the year ended December 31, 2024 compared to 2023.

Gross margin increased from 61.9% for the year ended December 31, 2023 to 64.1% for the year ended December 31, 2024. These changes reflect an improvement in product margins of 60.9% in 2024 compared to 59.0% in 2023, driven by a reduction of \$180.4 million in net excess/obsolete inventory-related charges.

Operating Expenses (in millions, except percentages)

	Year Ended December 31,					
	2024		2023		Change in	
	\$	% of Revenue	\$	% of Revenue	\$	%
Operating expenses:						
Research and development	\$ 996.7	14.2 %	\$ 854.9	14.6 %	\$ 141.8	16.6 %
Sales and marketing	427.3	6.1	399.0	6.8	28.3	7.1
General and administrative	122.7	1.8	119.1	2.0	3.6	3.0
Total operating expenses	\$ 1,546.7	22.1 %	\$ 1,373.0	23.4 %	\$ 173.7	12.7 %

Research and development

Research and development expenses increased by \$141.8 million, or 16.6%, for the year ended December 31, 2024 compared to 2023. The increase was primarily due to a \$64.9 million increase in personnel costs driven by an increase in headcount, and a \$52.3 million increase in new product introduction costs, including third-party engineering costs and prototype expenses as we expand our product portfolio.

Sales and marketing

Sales and marketing expenses increased by \$28.3 million, or 7.1%, for the year ended December 31, 2024 compared to 2023 primarily due to an increase in personnel costs.

General and administrative

General and administrative expenses increased by \$3.6 million, or 3.0%, for the year ended December 31, 2024 compared to 2023.

Other Income, Net (in millions, except percentages)

	Year Ended December 31,				Change in	
	2024		2023		\$	%
	\$	% of Revenue	\$	% of Revenue		
Other income, net:						
Interest income	\$ 311.0	4.5 %	\$ 152.4	2.6 %	\$ 158.6	104.0 %
Other income (expense), net	9.5	0.1	12.3	0.2	(2.8)	(23.8)
Total other income, net	\$ 320.5	4.6 %	\$ 164.7	2.8 %	\$ 155.8	94.5 %

The favorable movement in other income (expense), net, during the year ended December 31, 2024 as compared to 2023 was driven by an increase in interest income of \$158.6 million due to an increase in our cash and marketable securities balances, coupled with higher investment yields.

Provision for Income Taxes (in millions, except percentages)

	Year Ended December 31,				Change in	
	2024		2023		\$	%
	\$	% of Revenue	\$	% of Revenue		
Provision for income taxes	\$ 413.0	5.9 %	\$ 334.7	5.7 %	\$ 78.3	23.4 %
Effective tax rate		12.6 %		13.8 %		

Our provision for income taxes increased for the year ended December 31, 2024, as compared to 2023, while our effective tax rate decreased for the year ended December 31, 2024, as compared to 2023. The increase in our income taxes was largely due to an increase in pre-tax income, partly offset by a decrease in our effective tax rate due to favorable changes in state taxes and tax benefits attributable to stock-based compensation. For further information regarding income taxes and the impact on our results of operations and financial position, refer to Note 8. Income Taxes of the Notes to Consolidated Financial Statements included in Part II, Item 8, of this Annual Report on Form 10-K.

Liquidity and Capital Resources

Our principal sources of liquidity are cash, cash equivalents, marketable securities, and cash generated from operations. As of December 31, 2025, our total balance of cash, cash equivalents and marketable securities was \$10.7 billion, of which approximately \$1.0 billion was held outside the U.S. in our foreign subsidiaries.

Our cash, cash equivalents and marketable securities are held for general business purposes, including the funding of working capital. Our marketable securities investment portfolio is primarily invested in highly-rated securities, with the primary objective of minimizing the potential risk of principal loss. We plan to continue to invest for long-term growth. We believe that our existing balances of cash, cash equivalents and marketable securities, together with cash generated from operations, will be sufficient to meet our working capital requirements and our growth strategies for at least the next 12 months. Our future capital requirements will depend on many factors, including our growth rate, the timing and extent of our spending to support research and development activities, the timing and cost of establishing additional sales and marketing capabilities, the introduction of new and enhanced product and service offerings, our costs associated with supply chain activities, including access to outsourced manufacturing, our costs related to investing in or acquiring complementary or strategic businesses and technologies, the continued market acceptance of our products, stock repurchases, and capital expenditures, including the construction of a new building in Santa Clara, California. In addition, although the global supply chain has shown improvement, we have had to invest in inventory and increase our purchase commitments to address forecast uncertainty and we anticipate continued volatility in our inventory and purchase commitments. This variability is driven by new product introductions, fluctuating customer demand and varying supplier lead times. In particular, we have increased our purchase commitments to respond to the rapid deployment of AI networks and reduce overall lead times which will increase our working capital requirements. If we require or elect to seek additional capital through debt or equity financing in the future, we may not be able to raise capital on terms acceptable to us or at all. If we are required and unable to raise additional capital when desired, our business, operating results and financial condition may be adversely affected.

Cash Flows

	Year Ended December 31,		
	2025	2024	2023
	(in millions)		
Cash provided by operating activities	\$ 4,371.9	\$ 3,708.2	\$ 2,034.0
Cash (used in) investing activities	(3,576.2)	(2,457.3)	(687.5)
Cash (used in) financing activities	(1,595.9)	(421.8)	(83.8)
Effect of exchange rate changes	1.7	(4.8)	0.8
Net increase in cash, cash equivalents and restricted cash	\$ (798.5)	\$ 824.3	\$ 1,263.5

Cash Flows from Operating Activities

Our operating activities consist of net income, adjusted for certain non-cash items, and changes in operating assets and liabilities.

During the year ended December 31, 2025, cash provided by operating activities was \$4.4 billion, primarily from net income of \$3.5 billion, a net decrease in working capital requirements of \$687.8 million, and net non-cash adjustments to net income of \$172.7 million. Operating cash inflows consisted of an increase in deferred revenue of \$2.5 billion resulting from an increase in product deferred revenue related to customer contracts with acceptance terms and increased customer PCS contracts, and a \$379.9 million increase in accounts payable and other liabilities related to growing business volume and timing of payments to our large vendors. These cash inflows were partially offset by a \$412.5 million increase in inventory in response to an increase in business volume, a \$937.4 million increase in other assets driven by increased deferred cost of goods sold associated with higher product revenue deferrals, and an increase in accounts receivable of \$746.4 million due to increased product and service billings. Net non-cash adjustments primarily consisted of \$439.2 million of stock-based compensation expenses, which was largely offset by an increase in deferred income taxes of \$312.0 million primarily resulting from increased deferred tax assets associated with the increase in deferred revenue.

During the year ended December 31, 2024, cash provided by operating activities was \$3.7 billion, primarily from net income of \$2.9 billion along with a net decrease in working capital requirements of \$985.2 million, offset by net non-cash adjustments to net income of \$129.0 million. Cash inflows consisted of an increase in deferred revenue of \$1.3 billion resulting from increased customer PCS contracts and an increase in product deferred revenue related to customer contracts with acceptance terms, and a \$110.6 million decrease in inventory resulting from strong product shipments. These cash inflows were partially offset by a \$234.2 million increase in other assets driven by increased deferred cost of goods sold associated with higher product revenue deferrals, an increase in accounts receivable of \$106.1 million due to increased product and service billings and a \$66.5 million increase in income tax payments due to timing. Net non-cash adjustments primarily consisted of an increase in deferred income taxes of \$492.9 million primarily resulting from increased deferred tax assets associated with the increase in deferred revenue and capitalization of research and development costs under IRC Section 174, which were largely offset by \$355.4 million of stock-based compensation expenses.

Cash Flows from Investing Activities

Our investing activities primarily consist of our marketable securities investments, business combinations, and capital expenditures.

During the year ended December 31, 2025, cash used in investing activities was \$3.6 billion, consisting of purchases of available-for-sale securities of \$6.7 billion, \$300.0 million for the business acquisition of VeloCloud, and purchases of property, equipment and intangible assets of \$119.5 million, partially offset by proceeds of \$3.6 billion from maturities and sales of marketable securities.

During the year ended December 31, 2024, cash used in investing activities was \$2.5 billion, consisting of purchases of available-for-sale securities of \$4.5 billion, partially offset by proceeds of \$2.1 billion from maturities and sales of marketable securities.

Cash Flows from Financing Activities

Our financing activities consist of proceeds from the issuance of our common stock under employee equity incentive plans, offset by repurchases of our common stock.

During the year ended December 31, 2025, cash used in financing activities was \$1.6 billion, consisting of payments for repurchases of our common stock from the open market of \$1.6 billion.

During the year ended December 31, 2024, cash used in financing activities was \$421.8 million, consisting of payments for repurchases of our common stock from the open market of \$423.6 million and employee taxes withheld and paid of \$58.4 million upon vesting of restricted stock units, partially offset by proceeds from the issuance of common stock under employee equity incentive plans of \$60.2 million.

Stock Repurchase Programs

From time to time, we repurchase shares of our common stock pursuant to repurchase programs that are funded from working capital. In May 2025, we completed repurchases under the \$1.2 billion Prior Repurchase Program, and our board of directors authorized the \$1.5 billion New Repurchase Program. The New Repurchase Program does not oblige us to acquire any of our common stock and may be suspended or discontinued by the Company at any time without prior notice. During the year ended December 31, 2025, we repurchased a total of \$921.0 million of our common stock under our Prior Repurchase Program and \$682.1 million of our common stock under our New Repurchase Program. As of December 31, 2025, the remaining authorized amount for stock repurchases under the New Repurchase Program was approximately \$817.9 million. Refer to Note 6. Stockholders' Equity and Stock-Based Compensation of the Notes to Consolidated Financial Statements included in Part II, Item 8, of this Annual Report on Form 10-K for further discussion.

Material Cash Requirements

Our material cash requirements will have an impact on our future liquidity. Our material cash requirements represent material expected or contractually committed future payment obligations. We believe that we will be able to fund these obligations through cash generated from operations and from our existing balances of cash, cash equivalents and marketable securities.

Our material cash requirements include the following contractual and other obligations:

Purchase Obligations

We outsource most of our manufacturing and supply chain management operations to third-party contract manufacturers, who procure components and assemble products on our behalf. A significant portion of our purchase orders for finished goods and strategic components, including integrated circuits consigned to contract manufacturers, consists of non-cancellable commitments. Our purchase obligations also encompass software and technology licenses, property and equipment, and other corporate goods and services. As of December 31, 2025, we had \$6.8 billion of such purchase obligations, of which \$6.3 billion are expected to be received within 12 months, and \$0.5 billion are expected to be received after one year. These open purchase orders are considered enforceable and legally binding, and while we may have some limited ability to reschedule and adjust our requirements based on our business needs prior to the delivery of goods or performance of services, this can only occur with the agreement of the related supplier.

Leases

We have operating lease arrangements for office space, data center, equipment and other corporate assets. As of December 31, 2025, we had lease payment obligations, net of immaterial sublease income of \$90.5 million, with \$22.1 million payable within 12 months.

Property Project

During the year ended December 31, 2021, we purchased land and the improvements thereon in Santa Clara, California to construct a building for office, lab and data center space. The estimated capital expenditures related to this project is expected to be approximately \$170.0 million to \$195.0 million through the end of fiscal 2026 when construction is expected to be completed.

Off-balance Sheet Arrangements

As of December 31, 2025, we did not have any relationships with any unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, that would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Critical Accounting Estimates

We have prepared our consolidated financial statements in accordance with accounting principles generally accepted in the United States ("GAAP" or "U.S. GAAP") and include our accounts and the accounts of our wholly owned subsidiaries. The preparation of these consolidated financial statements requires our management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities at the date of the financial statements, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the applicable periods. Note 1, "Organization and Summary of Significant Accounting Policies," of the Notes to Consolidated Financial Statements in Part II, Item 8 of this Form 10-K describes the significant accounting policies and methods used in the preparation of the Company's consolidated financial statements. We base our estimates, assumptions and judgments on historical experience and on various other factors that we believe to be reasonable under the circumstances. Different assumptions and judgments would change the estimates used in the preparation of our consolidated financial statements, which, in turn, could change the results from those reported. We evaluate our estimates, assumptions and judgments on an ongoing basis. Actual results may differ from these estimates. To the extent that there are material differences between these estimates and our actual results, our future financial statements will be affected.

Revenue Recognition

We generate revenue from sales of our products, which incorporate our EOS software and accessories such as cables and optics, to direct customers and channel partners together with PCS. We typically sell products and PCS in a single contract. We recognize revenue upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to be entitled to receive in exchange for those products or services. Most of our contracts with customers, other than renewals of PCS, contain multiple performance obligations with a combination of products and PCS. Products and PCS generally qualify as distinct performance obligations. Our hardware includes EOS software, which together deliver the essential functionality of our products. For contracts which contain multiple performance obligations, we allocate revenue to each distinct performance obligation based on the standalone selling price ("SSP"). Judgment is required to determine the SSP for each distinct performance obligation. We use a range of amounts to estimate SSP for products and PCS sold together in a contract to determine whether there is a discount to be allocated based on the relative SSP of the various products and PCS.

If we do not have an observable SSP, such as when we do not sell a product or service separately, then SSP is estimated using judgment and considering all reasonably available information, such as gross margin objectives, market conditions and information about the size and/or purchase volume of the customer. We generally use a range of amounts to estimate SSP for individual products and services based on multiple factors including, but not limited to, product category, actual and expected volume, discounting policies, and customer vertical and size.

Inventory Valuation and Supplier Liabilities

Inventories primarily consist of finished goods, including evaluation inventory held at customers or partners, and strategic components, primarily integrated circuits. Inventories are stated at the lower of cost or net realizable value. Cost is computed using standard cost, which approximates actual cost, on a first-in, first-out basis. Evaluation inventory consists of new products and/or use cases at customer or partner sites for trial purposes. Title to the inventory remains with Arista during the trial period and invoicing occurs only upon completion of the trial period and when/if the products have been accepted by the customer. Manufacturing overhead costs and inbound shipping costs are included in the cost of inventory. We record a provision when inventory is determined to be in excess of anticipated demand, or obsolete, to adjust inventory to its estimated realizable value.

We record a liability and a corresponding charge for non-cancellable, non-returnable purchase commitments with our suppliers for quantities in excess of our demand forecasts or that are considered obsolete.

We use significant judgment in establishing our forecasts of future demand and obsolete material exposures. These estimates depend on our assessment of current and expected orders from our customers, product development plans and current sales levels. Despite general improvements in the supply environment, fluctuations in supplier lead times and the persistence of some long-lead components require us to maintain elevated inventory levels and purchase commitments. To manage this

continued volatility, we maintain extended demand-planning horizons and strategic inventory buffers to ensure continuity of supply and address forecast uncertainty. We expect inventory and purchase commitments to remain volatile due to new product introductions, fluctuating customer demand, and varying supplier lead times. There is, however, no guarantee that all suppliers will meet their commitments in the time frame committed or that actual customer demand will directly match our demand forecasts. If actual market demand conditions or supplier execution on commitments are less favorable than those projected by management, which may be caused by factors within and/or outside of our control, we may be required to increase our inventory write-downs and liabilities to our suppliers, which could have an adverse impact on our gross margins and profitability. We regularly evaluate our exposure for inventory write-downs and adequacy of our contract manufacturer and supplier liabilities.

Income Taxes

Significant management judgment is required in developing our provision for or benefit from income taxes, including the determination of deferred tax assets and liabilities and any valuation allowances that might be required against the deferred tax assets. In assessing the need for a valuation allowance, we consider all available evidence, including past operating results and estimates of our ability to generate sufficient future taxable income in certain foreign and state tax jurisdictions, future reversals of taxable temporary differences, and potential tax planning strategies. An adjustment to the valuation allowance will either increase or decrease our provision for or benefit from income taxes in the period such determination is made.

We are subject to income taxes in the U.S. and numerous foreign jurisdictions, which involves significant judgment in the interpretation of complex domestic and international tax laws and may give rise to uncertain tax positions. We recognize potential liabilities for anticipated tax audit issues in the U.S. and other tax jurisdictions based on our estimate of whether it is more likely than not that additional taxes, interest, and penalties will be due. Although management believes our unrecognized tax benefits are reasonable, no assurance can be given that the final tax outcome of these matters will not be different from that which is reflected in our unrecognized tax benefits. Our unrecognized tax benefits are adjusted considering changing facts and circumstances, such as the closing of a tax examination or the refinement of an estimate. Resolution of these uncertainties in a manner inconsistent with management's expectations could have a material impact on our financial condition and operating results.

Recent Accounting Pronouncements

Refer to the subheading titled "*Recently Adopted Accounting Pronouncements*" in Note 1. Organization and Summary of Significant Accounting Policies of the Notes to Consolidated Financial Statements included in Part II, Item 8, of this Annual Report on Form 10-K.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of fluctuations in foreign currency exchange rates, interest rates, and strategic equity investments. Global economic and business activities continue to face widespread macroeconomic uncertainties, including the effects of, among other things, inflation, monetary policy shifts, recession risks, potential supply chain disruptions, geopolitical pressures, and escalating international trade measures, which may increase our foreign currency exchange risk and interest rate risk. For further discussion of the potential impacts on our business, operating results, and financial condition, see Risk Factors included in Part I, Item 1A of this Form 10-K.

Foreign Currency Exchange Risk

Our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates. Substantially all of our revenue is denominated in U.S. dollars, and therefore, our revenue is not directly subject to foreign currency risk. However, we are indirectly exposed to foreign currency risk. A stronger U.S. dollar could make our products and services more expensive in foreign countries and therefore reduce demand. A weaker U.S. dollar could have the opposite effect. Such economic exposure to currency fluctuations is difficult to measure or predict because our sales are also influenced by many other factors.

Our expenses are generally denominated in the currencies in which our operations are located, which is primarily in the U.S. and to a lesser extent in Europe and Asia. Our results of operations and cash flows are, therefore, subject to fluctuations due to changes in foreign currency exchange rates and may be adversely affected in the future due to changes in foreign exchange rates. To date, foreign currency transaction gains and losses and exchange rate fluctuations have not been material to our financial statements. While we have not engaged in the hedging of our foreign currency transactions to date and do not enter into any hedging contracts for trading or speculative purposes, we may in the future hedge selected significant transactions denominated in currencies other than the U.S. dollar.

Interest Rate Sensitivity

As of December 31, 2025, and 2024, we had cash, cash equivalents and available-for-sale marketable securities totaling \$10.7 billion and \$8.3 billion, respectively. Cash equivalents and marketable securities were invested primarily in money market funds, corporate bonds, U.S. agency mortgage-backed securities, U.S. treasury securities and commercial paper. Our primary investment objectives are to preserve capital and maintain liquidity requirements. In addition, our policy limits the amount of credit exposure to any single issuer. We do not enter into investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate risk exposure. Our primary exposure to market risk is interest income sensitivity, which is affected by changes in the general level of the interest rates in the U.S. A decline in interest rates would reduce our interest income on our cash, cash equivalents and marketable securities. Conversely, an increase in interest rates could have a material impact to the fair market value of our investments in fixed income securities. We would incur unrealized losses on fixed income securities if there is an increase in interest rates compared to interest rates at the time of purchase. A hypothetical 100 basis point increase in market interest rates would have resulted in a decrease of approximately \$100 million and \$70 million in the market value of our available-for-sale debt securities and cash equivalents as of December 31, 2025 and 2024. In the unlikely event we are forced to sell our marketable securities prior to maturity, we may incur realized losses in such investments. However, because of the conservative and short-term nature of the investments in our portfolio, a change in interest rates is not expected to have a material impact on our consolidated financial statements.

Item 8. Financial Statements and Supplementary Data

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Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Arista Networks, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Arista Networks, Inc. (the Company) as of December 31, 2025 and 2024, the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2025, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 13, 2026 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Description of the Matter	<p><i>Inventory Valuation and Supplier Liabilities</i></p> <p>As discussed in Note 1 of the consolidated financial statements, the Company’s inventories are stated at the lower of cost or net realizable value. Cost is computed using standard cost, which approximates actual cost, on a first-in, first-out basis. The Company’s inventory balance totaled \$2.2 billion on December 31, 2025. The Company records a provision when inventory is determined to be in excess of anticipated demand, or obsolete, to adjust inventory to its estimated realizable value. The Company records a supplier liability and a corresponding charge for non-cancellable, non-returnable purchase commitments with suppliers for quantities in excess of the Company’s demand forecasts, or that are considered obsolete.</p> <p>Auditing management’s assessment of net realizable value for inventory and supplier liability was complex and highly judgmental due to the assessment of management’s estimates of forecasted product demand, which can be impacted by changes in current and expected orders from customers, product development plans, and current sales levels.</p>
How We Addressed the Matter in Our Audit	<p>We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls over the Company’s determination of the net realizable value of inventory and supplier liability. This included controls over the preparation of the demand and production forecasts, and the evaluation of the accuracy and completeness of the inventory provision and supplier liability.</p> <p>To test the inventory provision and supplier liability, we performed audit procedures that included, among others, assessing the Company’s methodology over the computation of the provision and supplier liability and testing the significant assumptions and underlying inputs used by the Company in its analysis, including current and expected orders from customers, product development plans and current sales levels.</p>

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2008.
San Jose, California
February 13, 2026

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Arista Networks, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited Arista Networks, Inc.'s internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Arista Networks, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2025 and 2024, the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2025, and the related notes and our report dated February 13, 2026 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

San Jose, California
February 13, 2026

ARISTA NETWORKS, INC.
Consolidated Balance Sheets
(In millions, except par value)

	December 31,	
	2025	2024
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,963.9	\$ 2,762.4
Marketable securities	8,779.1	5,541.1
Accounts receivable, net	1,886.9	1,140.5
Inventories	2,247.1	1,834.6
Prepaid expenses and other current assets	1,510.0	632.3
Total current assets	16,387.0	11,910.9
Property and equipment, net	203.1	98.8
Goodwill	416.1	268.5
Deferred tax assets	1,773.6	1,440.4
Other assets	668.8	325.3
TOTAL ASSETS	\$ 19,448.6	\$ 14,043.9
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 651.7	\$ 381.1
Accrued liabilities	475.4	435.3
Deferred revenue	4,002.6	1,727.3
Other current liabilities	246.8	188.5
Total current liabilities	5,376.5	2,732.2
Deferred revenue, non-current	1,369.8	1,064.1
Other long-term liabilities	331.8	252.8
TOTAL LIABILITIES	7,078.1	4,049.1
Commitments and contingencies (Note 5)		
STOCKHOLDERS' EQUITY:		
Preferred stock, \$0.0001 par value—100 shares authorized and no shares issued and outstanding as of December 31, 2025 and 2024	—	—
Common stock, \$0.0001 par value—4,000 shares authorized as of December 31, 2025 and 2024; 1,256.5 and 1,261.3 shares issued and outstanding as of December 31, 2025 and 2024	0.1	0.1
Additional paid-in capital	2,911.8	2,465.4
Retained earnings	9,446.6	7,542.5
Accumulated other comprehensive income (loss)	12.0	(13.2)
TOTAL STOCKHOLDERS' EQUITY	12,370.5	9,994.8
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 19,448.6	\$ 14,043.9

The accompanying notes are an integral part of these consolidated financial statements.

ARISTA NETWORKS, INC.
Consolidated Statements of Income
(In millions, except per share amounts)

	Year Ended December 31,		
	2025	2024	2023
Revenue:			
Product	\$ 7,576.9	\$ 5,884.0	\$ 5,029.5
Service	1,428.8	1,119.1	830.7
Total revenue	9,005.7	7,003.1	5,860.2
Cost of revenue:			
Product	2,978.7	2,299.0	2,061.2
Service	258.3	212.8	168.7
Total cost of revenue	3,237.0	2,511.8	2,229.9
Gross profit	5,768.7	4,491.3	3,630.3
Operating expenses:			
Research and development	1,237.3	996.7	854.9
Sales and marketing	533.4	427.3	399.0
General and administrative	141.9	122.7	119.1
Total operating expenses	1,912.6	1,546.7	1,373.0
Income from operations	3,856.1	2,944.6	2,257.3
Other income, net	393.6	320.5	164.7
Income before income taxes	4,249.7	3,265.1	2,422.0
Provision for income taxes	738.3	413.0	334.7
Net income	\$ 3,511.4	\$ 2,852.1	\$ 2,087.3
Earnings per share:			
Basic	\$ 2.79	\$ 2.27	\$ 1.69
Diluted	\$ 2.75	\$ 2.23	\$ 1.65
Weighted-average common shares outstanding:			
Basic	1,258.0	1,256.3	1,237.4
Diluted	1,275.7	1,281.1	1,268.5

The accompanying notes are an integral part of these consolidated financial statements.

ARISTA NETWORKS, INC.
Consolidated Statements of Comprehensive Income
(In millions)

	Year Ended December 31,		
	2025	2024	2023
Net income	\$ 3,511.4	\$ 2,852.1	\$ 2,087.3
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	1.6	(4.2)	0.9
Available-for-sale investments:			
Changes in net unrealized gains (losses) on available-for-sale securities	23.8	(5.7)	25.9
Less: reclassification adjustment for net (gains) losses included in net income	(0.2)	—	3.8
Other comprehensive income (loss)	25.2	(9.9)	30.6
Comprehensive income	\$ 3,536.6	\$ 2,842.2	\$ 2,117.9

The accompanying notes are an integral part of these consolidated financial statements.

ARISTA NETWORKS, INC.
Consolidated Statements of Stockholders' Equity
(In millions)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount				
Balance—December 31, 2022	1,227.6	\$ 0.1	\$ 1,780.6	\$ 3,139.0	\$ (33.9)	\$ 4,885.8
Net income	—	—	—	2,087.3	—	2,087.3
Other comprehensive income, net of tax	—	—	—	—	30.6	30.6
Stock-based compensation	—	—	296.8	—	—	296.8
Issuance of common stock in connection with employee equity incentive plans	25.9	—	62.1	—	—	62.1
Repurchase of common stock	(3.8)	—	—	(112.3)	—	(112.3)
Tax withholding paid for net share settlement of equity awards	(0.8)	—	(33.6)	—	—	(33.6)
Common stock issued for business combinations	0.1	—	2.3	—	—	2.3
Balance—December 31, 2023	1,249.0	0.1	2,108.2	5,114.0	(3.3)	7,219.0
Net income	—	—	—	2,852.1	—	2,852.1
Other comprehensive loss, net of tax	—	—	—	—	(9.9)	(9.9)
Stock-based compensation	—	—	355.4	—	—	355.4
Issuance of common stock in connection with employee equity incentive plans	18.6	—	60.2	—	—	60.2
Repurchase of common stock	(5.5)	—	—	(423.6)	—	(423.6)
Tax withholding paid for net share settlement of equity awards	(0.8)	—	(58.4)	—	—	(58.4)
Balance—December 31, 2024	1,261.3	0.1	2,465.4	7,542.5	(13.2)	9,994.8
Net income	—	—	—	3,511.4	—	3,511.4
Other comprehensive income, net of tax	—	—	—	—	25.2	25.2
Stock-based compensation	—	—	439.2	—	—	439.2
Issuance of common stock in connection with employee equity incentive plans	11.6	—	57.7	—	—	57.7
Repurchase of common stock	(15.9)	—	—	(1,607.3)	—	(1,607.3)
Tax withholding paid for net share settlement of equity awards	(0.5)	—	(50.5)	—	—	(50.5)
Balance—December 31, 2025	1,256.5	\$ 0.1	\$ 2,911.8	\$ 9,446.6	\$ 12.0	\$ 12,370.5

The accompanying notes are an integral part of these consolidated financial statements.

ARISTA NETWORKS, INC.
Consolidated Statements of Cash Flows
(In millions)

	Year Ended December 31,		
	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 3,511.4	\$ 2,852.1	\$ 2,087.3
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	72.6	62.0	70.6
Stock-based compensation	439.2	355.4	296.8
Deferred income taxes	(312.0)	(492.9)	(370.8)
Other	(27.1)	(53.6)	(34.0)
Changes in operating assets and liabilities:			
Accounts receivable, net	(746.4)	(106.1)	(105.9)
Inventories	(412.5)	110.6	(655.5)
Other assets	(937.4)	(234.2)	(66.4)
Accounts payable	260.5	(51.6)	198.6
Other liabilities	119.4	47.8	128.1
Deferred revenue	2,452.0	1,285.2	465.0
Income taxes, net	(47.8)	(66.5)	20.2
Net cash provided by operating activities	4,371.9	3,708.2	2,034.0
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from maturities of marketable securities	3,432.5	2,058.6	1,887.9
Proceeds from sale of marketable securities	144.3	48.8	67.3
Purchases of marketable securities	(6,748.4)	(4,526.1)	(2,606.9)
Purchases of property, equipment and intangible assets	(119.5)	(32.0)	(34.4)
Cash paid for business combination, net of cash acquired	(300.0)	—	1.8
Other	14.9	(6.6)	(3.2)
Net cash used in investing activities	(3,576.2)	(2,457.3)	(687.5)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of common stock under equity plans	57.7	60.2	62.1
Tax withholding paid on behalf of employees for net share settlement	(50.5)	(58.4)	(33.6)
Repurchase of common stock	(1,603.1)	(423.6)	(112.3)
Net cash used in financing activities	(1,595.9)	(421.8)	(83.8)
Effect of exchange rate changes	1.7	(4.8)	0.8
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(798.5)	824.3	1,263.5
CASH, CASH EQUIVALENTS AND RESTRICTED CASH —Beginning of period	2,763.8	1,939.5	676.0
CASH, CASH EQUIVALENTS AND RESTRICTED CASH —End of period	<u>\$ 1,965.3</u>	<u>\$ 2,763.8</u>	<u>\$ 1,939.5</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid for income taxes, net of refunds	\$ 1,095.9	\$ 970.6	\$ 686.2

ARISTA NETWORKS, INC.
Notes to Consolidated Financial Statements

1. Organization and Summary of Significant Accounting Policies

Organization

Arista Networks, Inc. (together with our subsidiaries, “we,” “our,” “Arista,” “Company” or “us”) is an industry leader in data-driven, client-to-cloud networking for large AI, data center, campus and routing environments. Our cloud networking solutions consist of our EOS, a set of network applications and our Ethernet switching and routing platforms. We are incorporated in the state of Delaware. Our corporate headquarters are located in Santa Clara, California, and we have wholly-owned subsidiaries throughout the world, including North America, Europe, Asia and Australia.

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Arista Networks, Inc. and its wholly-owned subsidiaries and are prepared in accordance with accounting principles generally accepted in the United States (“GAAP”). All significant intercompany accounts and transactions have been eliminated.

On November 7, 2024, the Company announced a four-for-one forward stock split (“Stock Split”) of the Company’s common stock that was effected through the filing of an amendment to the Company’s Amended and Restated Certificate of Incorporation (“Amendment”) on December 3, 2024. The Stock Split proportionately increased the authorized shares of common stock, and all share and per share amounts presented herein have been retroactively adjusted to reflect the impact of the Stock Split.

Certain reclassifications of prior period amounts were made in the current year to conform to the current period presentation.

Use of Estimates

The preparation of the accompanying consolidated financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the amounts reported and disclosed in the consolidated financial statements and accompanying notes. Those estimates and assumptions include, but are not limited to, valuation of inventory and contract manufacturer/supplier liabilities, accounting for income taxes, including the recognition of deferred tax assets and liabilities, valuation allowance on deferred tax assets and reserves for uncertain tax positions, revenue recognition and deferred revenue, valuation of goodwill and acquisition-related intangible assets, estimate of useful lives of long-lived assets including intangible assets, and the recognition and measurement of contingent liabilities. We evaluate our estimates and assumptions based on historical experience and other factors and adjust these estimates and assumptions when facts and circumstances dictate. Actual results could differ materially from these estimates.

Concentrations of Business and Credit Risk

We work closely with third-party contract manufacturers to manufacture our products. As of December 31, 2025, we had three primary contract manufacturing partners, who provided the vast majority of our electronic manufacturing services. Our contract manufacturing partners deliver our products to our third-party direct fulfillment facilities. We and our fulfillment partners then perform labeling, final configuration, quality assurance testing and shipment to our customers. Our products rely on key components, including certain integrated circuit components and power supplies, some of which our contract manufacturing partners purchase on our behalf from a limited number of suppliers, including certain sole-source providers. In addition, we rely heavily on a single merchant silicon supplier for our switching chips. We generally do not have guaranteed supply contracts with our component suppliers, and our manufacturing partners could delay shipments or cease manufacturing such products or selling them to us at any time. If we are unable to obtain a sufficient quantity of these components on commercially reasonable terms or in a timely manner, or if we are unable to obtain alternative sources for these components, sales of our products could be delayed or halted entirely, or we may be required to redesign our products. Quality or performance failures of our products or changes in our contractors’ or vendors’ financial or business condition could disrupt our ability to supply quality products to our customers. Any of these events could result in lost sales and damage to our end-customer relationships, which would adversely impact our business, financial condition and results of operations.

Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash, cash equivalents, marketable securities, and accounts receivable. Our cash equivalents and marketable securities are invested in high

quality financial instruments with banks and financial institutions. Such deposits may be in excess of insured limits provided on such deposits.

Our accounts receivable are unsecured and represent amounts due to us based on contractual obligations of our customers. We mitigate credit risk with respect to accounts receivable by performing ongoing credit evaluations of our customers to assess the probability of collection based on a number of factors, including past transaction experience with the customer, evaluation of their credit history, the credit limits extended, review of the invoicing terms of the arrangement, and current economic conditions that may affect a customer's ability to pay. In situations where a customer may be thinly capitalized and we have limited payment history with it, we will either establish a small credit limit or require it to prepay its purchases. We generally do not require our customers to provide collateral to support accounts receivable. We have recorded an allowance for doubtful accounts for accounts receivables that we have determined to be uncollectible. We mitigate credit risk with respect to accounts receivables by performing ongoing credit evaluations of the borrower to assess the probability of collecting all amounts due to us under the existing contractual terms.

We market and sell our products through both our direct sales force and our channel partners, including distributors, value-added resellers, system integrators and OEM partners, and in conjunction with various technology partners. Significant customers are those that represent more than 10% of our total revenue during the period. There were two end customers who represented more than 10% of our total revenue for the years ended 2025, 2024 and 2023. Sales to one end customer represented 16%, 15% and 21% of our total revenue, and sales to the other end customer represented 26%, 20% and 18% of our total revenue for the years ended December 31, 2025, 2024 and 2023, respectively. As of December 31, 2025, and 2024, our top two resellers accounted for 52% and 50% of total accounts receivable, respectively.

Cash and Cash Equivalents

We consider all highly liquid investments with original or remaining maturities of three months or less at the time of purchase to be cash equivalents. Cash and cash equivalents consist of cash on deposit with various financial institutions and highly liquid investments in money market funds. Interest is accrued as earned.

Marketable Securities

We classify all highly liquid investments in debt securities with maturities of greater than three months at the date of purchase as marketable securities. We have classified and accounted for our marketable debt securities as available-for-sale. We determine the appropriate classification of these investments at the time of purchase and reevaluate such designation at each balance sheet date. After consideration of our risk versus reward objectives, as well as our liquidity requirements, we may hold or sell these securities prior to their stated maturities. As we view these securities as available to support current operations, we classify securities with maturities beyond 12 months as current assets under the caption marketable securities in the accompanying consolidated balance sheets. We carry these securities at fair value. For marketable debt securities, we report the unrealized gains and losses, net of taxes, as a component of stockholders' equity. We determine any realized gains or losses on the sale of marketable securities using the specific identification method, and record such gains and losses in other income, net in the accompanying consolidated statements of income.

For our debt securities in an unrealized loss position, we determine whether a credit loss exists by considering, among other factors, current market conditions, credit quality of debt issuers, any changes to the rating of the security by a rating agency, and the extent to which fair value is less than cost. We would recognize an allowance for credit losses, up to the amount of the unrealized loss when appropriate, and write down the amortized cost basis of the investment if it is more likely than not we will be required to sell or we intend to sell the investment before recovery of its amortized cost basis.

Accounts Receivable

Accounts receivable are recorded at the invoiced amount, net of allowances for doubtful accounts. We estimate our allowance for doubtful accounts based upon the collectability of the receivables in light of historical trends, reasonable and supportable information of our customers' economic conditions that may affect our customers' ability to pay, and prevailing economic conditions. This evaluation is done in order to identify issues that may impact the collectability of receivables and related estimated required allowance. Revisions to the allowance are recorded as an adjustment to bad debt expense. After appropriate collection efforts are exhausted, specific accounts receivable deemed to be uncollectible are charged against the allowance in the period they are deemed uncollectible. Recoveries of accounts receivable previously written-off are recorded as credits to bad debt expense.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or an exit price that would be paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. We apply fair value accounting for all financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. These assets and liabilities include cash and cash equivalents, marketable securities, accounts receivable, accounts payable, and accrued liabilities. Cash equivalents, accounts receivable, accounts payable and accrued liabilities are stated at carrying values in our consolidated financial statements, which approximate their fair value due to the short-term nature of these instruments.

Assets and liabilities recorded at fair value on a recurring basis in the accompanying consolidated balance sheets are categorized based upon the level of judgment associated with the inputs used to measure their fair value. We use a fair value hierarchy to measure fair value, maximizing the use of observable inputs and minimizing the use of unobservable inputs. The three-tiers of the fair value hierarchy are as follows:

Level I—Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date;

Level II—Inputs are observable, unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities; and

Level III—Unobservable inputs that are supported by little or no market data for the related assets or liabilities and typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability.

Foreign Currency

The functional currency of our foreign subsidiaries is either the U.S. dollar or their local currency depending on the nature of the subsidiaries' activities.

Transaction re-measurement - Assets and liabilities denominated in a currency other than a subsidiary's functional currency are re-measured into the subsidiary's functional currency using exchange rates in effect at the end of the reporting period, with gains and losses recorded in other income, net in the consolidated statements of income. To date, foreign currency transaction gains and losses and exchange rate fluctuations have not been material to our consolidated financial statements.

Translation - Assets and liabilities of subsidiaries denominated in foreign functional currencies are translated into U.S. dollars at the closing exchange rate on the balance sheet date and equity-related balances are translated at historical exchange rates. Revenues, costs and expenses in foreign functional currencies are translated using average exchange rates that approximate those in effect during the period. Translation adjustments are recorded within accumulated other comprehensive income, a separate component of total stockholders' equity.

Inventory Valuation and Contract Manufacturer/Supplier Liabilities

Inventories primarily consist of finished goods, including evaluation inventory held at customers or partners, and strategic components, primarily integrated circuits. Inventories are stated at the lower of cost or net realizable value. Cost is computed using standard cost, which approximates actual cost, on a first-in, first-out basis. Evaluation inventory consists of new products and/or use cases at customer or partner sites for trial purposes. Title to the inventory remains with Arista during the trial period and invoicing occurs only upon completion of the trial period and when/if the products have been accepted by the customer. Manufacturing overhead costs and inbound shipping costs are included in the cost of inventory. We record a provision when inventory is determined to be in excess of anticipated demand, or obsolete, to adjust inventory to its estimated realizable value. For the years ended December 31, 2025, 2024 and 2023, we recorded charges of \$131.6 million, \$267.2 million and \$234.4 million, respectively, within cost of product revenue for inventory write-downs.

Our contract manufacturers procure components and assemble products on our behalf and we procure strategic components from suppliers based on our forecasts. We record a liability and a corresponding charge for non-cancellable, non-returnable purchase commitments with our contract manufacturers and suppliers for quantities in excess of our demand forecasts or that are considered obsolete. For the year ended 2023, we recorded a charge of \$113.0 million within cost of product revenue for such liabilities with our contract manufacturers and suppliers. Such charges were not material for the years ended December 31, 2025 and 2024.

We use significant judgment in establishing our forecasts of future demand and obsolete material exposures. These estimates depend on our assessment of current and expected orders from our customers, product development plans and current sales levels. Despite general improvements in the supply environment, fluctuations in supplier lead times and the persistence of some long-lead components require us to maintain elevated inventory levels and purchase commitments. To manage this continued volatility, we maintain extended demand-planning horizons and strategic inventory buffers to ensure continuity of supply and address forecast uncertainty. We expect inventory and purchase commitments to remain volatile due to new product introductions, fluctuating customer demand, and varying supplier lead times. There is, however, no guarantee that all suppliers will meet their commitments in the time frame committed or that actual customer demand will directly match our demand forecasts. If actual market conditions are less favorable than those projected by management, which may be caused by factors within and/or outside of our control, we may be required to increase our inventory write-downs and liabilities to our contract manufacturers and suppliers, which could have an adverse impact on our gross margins and profitability. We regularly evaluate our exposure for inventory write-downs and adequacy of our contract manufacturer and supplier liabilities.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation, except for land which is not depreciated. We capitalize any additions and improvements and expense maintenance and repairs as incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets, generally three years. Our leasehold improvements are depreciated over the shorter of the estimated useful lives of the improvements or the remaining lease term.

Business Combinations

We use the acquisition method to account for our business combinations in accordance with Accounting Standards Codification ("ASC") 805 - *Business Combinations*. We allocate the total fair value of purchase consideration to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values. The excess of the consideration transferred over the fair values of the assets acquired and liabilities assumed is recorded as goodwill. The results of operations of the acquired businesses are included in our consolidated financial statements from the date of acquisition. Acquisition-related transaction and restructuring costs are expensed as incurred.

During the measurement period, which is not to exceed one year from the acquisition date, we may record adjustments to the acquired assets and liabilities assumed, with a corresponding offset to goodwill or the preliminary purchase price, to reflect new information obtained about facts and circumstances that existed as of the acquisition date. Upon the conclusion of the measurement period, any subsequent adjustments are recorded to earnings.

Goodwill and Acquired Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of net assets acquired in a business combination. The Company has one reporting unit and tests goodwill for impairment at least annually in the fourth quarter or more frequently if indicators of potential impairment exist. We first perform a qualitative assessment to determine whether it is more likely than not that the fair value of our reporting unit is less than its carrying amount. If the reporting unit does not pass the qualitative assessment, a quantitative test is performed by comparing the fair value of our reporting unit with its carrying amount. We would recognize an impairment loss for the amount by which the carrying amount exceeds the fair value. There were no impairment charges in any of the periods presented in the consolidated financial statements. See Note 4. Acquisition, Goodwill and Acquisition-Related Intangible Assets for additional information.

Acquired intangible assets are carried at cost less accumulated amortization. All acquired intangible assets have been determined to have definite lives and are amortized on a straight-line basis over their estimated useful lives, ranging from three to eight years. Acquired intangible assets are reviewed for impairment under the long-lived asset model described below. There were no impairment charges in any of the periods presented in the consolidated financial statements. See Note 4. Acquisition, Goodwill and Acquisition-Related Intangible Assets for additional information.

Impairment of Long-Lived Assets and Investments in Privately-Held Companies

The carrying amounts of our long-lived assets, including property and equipment, intangible assets, ROU assets and investments in privately-held companies, are periodically reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of these assets may not be recoverable. Recoverability of these assets is measured by comparison of the carrying amount of each asset to the future undiscounted cash flows the asset is expected to generate over its remaining life. If the asset is considered to be impaired, the amount of any impairment is measured as the difference between

the carrying value and the fair value of the impaired asset. No impairment of any long-lived assets was identified for any of the periods presented in the consolidated financial statements.

Loss Contingencies

In the ordinary course of business, we are a party to claims and legal proceedings including matters relating to commercial, employee relations, business practices and intellectual property. In assessing loss contingencies, we use significant judgments and assumptions to estimate the likelihood of loss, impairment of an asset or the incurrence of a liability, as well as our ability to reasonably estimate the amount of loss. We record a provision for contingent losses when it is both probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. We record a charge equal to the minimum estimated liability for litigation costs or a loss contingency only when both of the following conditions are met: (i) information available prior to issuance of our consolidated financial statements indicates that it is probable that a liability had been incurred at the date of the financial statements, and (ii) the range of loss can be reasonably estimated. We regularly evaluate current information available to us to determine whether such accruals should be adjusted and whether new accruals are required.

Revenue Recognition

We generate revenue from sales of our products, which incorporate our EOS software and accessories such as cables and optics, to direct customers and channel partners together with post-contract customer support ("PCS"). We typically sell products and PCS in a single contract. We recognize revenue upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to be entitled to receive in exchange for those products or services. We apply the following five-step revenue recognition model:

- Identification of the contract, or contracts, with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when (or as) we satisfy the performance obligation

Post-Contract Customer Support ("PCS")

PCS, which includes technical support, hardware repair and replacement parts beyond standard warranty, bug fixes, patches and unspecified upgrades on a when-and-if-available basis, is offered under renewable, fee-based contracts. We initially defer PCS revenue and recognize it ratably over the life of the PCS contract as there is no discernible pattern of delivery related to these promises. We do not provide unspecified upgrades on a set schedule and address customer requests for technical support if and when they arise, with the related expenses recognized as incurred. PCS contracts generally have a term of one to three years.

Contracts with Multiple Performance Obligations

Most of our contracts with customers, other than renewals of PCS, contain multiple performance obligations with a combination of products and PCS. Products and PCS generally qualify as distinct performance obligations. Our hardware includes EOS software, which together deliver the essential functionality of our products. For contracts that contain multiple performance obligations, we allocate revenue to each distinct performance obligation based on the standalone selling price ("SSP"). Judgment is required to determine the SSP for each distinct performance obligation. We use a range of amounts to estimate SSP for products and PCS sold together in a contract to determine whether there is a discount to be allocated based on the relative SSP of the various products and PCS.

If we do not have an observable SSP, such as when we do not sell a product or service separately, then SSP is estimated using judgment and considering all reasonably available information such as gross margin, market conditions and information about the size and/or purchase volume of the customer. We generally use a range of amounts to estimate SSP for individual products and services based on multiple factors including, but not limited to product category, actual and expected volume, discounting policies, and customer vertical and size.

In determining if control has transferred, we consider whether certain indicators of the transfer of control are present, such as the transfer of title, present right to payment, significant risks and rewards of ownership, and customer acceptance when

acceptance is not a formality. Revenue from sales of hardware is recognized when control transfers to the customer, which is generally when the product is shipped. We defer revenue recognition on customer contracts for new products or use cases, which contain customer-specified requirements that must be met prior to acceptance.

We limit the amount of revenue recognition for contracts containing forms of variable consideration, such as future performance obligations, customer-specific returns, and refund obligations. We include some or all of an estimate of the related at-risk consideration in the transaction price only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recorded under each contract will not occur when the uncertainties surrounding the variable consideration are resolved.

Most of our contracts with customers have standard payment terms of 30 to 90 days. We have determined our contracts generally do not include a significant financing component because the Company and the customer have specific business reasons other than financing for entering into such contracts. Specifically, both we and our customers seek to ensure the customer has a simplified way of purchasing Arista products and services.

We account for multiple contracts with a single partner as one arrangement if the contractual terms and/or substance of those agreements indicate that they may be so closely related that they are, in effect, parts of a single contract.

We may occasionally accept returns to address customer satisfaction issues even though there is generally no contractual provision for such returns. We estimate returns for sales to customers based on historical return rates applied against current-period shipments. Specific customer returns and allowances are considered when determining our sales return reserve estimate.

Our policy applies to the accounting for individual contracts. However, we have elected a practical expedient to apply the guidance to a portfolio of contracts or performance obligations with similar characteristics so long as such application would not differ materially from applying the guidance to the individual contracts (or performance obligations) within that portfolio. Consequently, we have chosen to apply the portfolio approach when possible, which we do not believe will happen frequently. Additionally, we will evaluate a portfolio of data, when possible, in various situations, including accounting for commissions, rights of return and transactions with variable consideration.

We report revenue net of sales taxes. We include shipping charges billed to customers in revenue and the related shipping costs are included in cost of product revenue.

Contract Balances

A contract asset is recognized when we have a contractual right to consideration for both completed and partially completed performance obligations that have not yet been invoiced. Contract assets are included in other current assets in the accompanying consolidated balance sheets.

A contract liability is recognized when we have received customer payments in advance of our satisfaction of a performance obligation under a contract that is cancellable. Contract liabilities are included in other current liabilities and other long-term liabilities in the accompanying consolidated balance sheets.

Deferred revenue is comprised mainly of unearned revenue related to product deferrals from contracts with acceptance clauses and, annual and multi-year PCS contracts.

Research and Development Expenses

Costs related to the research, design and development of our products are charged to research and development expenses as incurred.

Segment Reporting

We develop, market and sell cloud networking solutions, which primarily consist of our switching and routing platforms and related network applications, and there are no segment managers who are held accountable for operations or operating results below the Company level. Our chief operating decision maker is our President, Chief Executive Officer and Chairperson of the Board, who reviews financial information presented on a consolidated basis for purposes of allocating resources and evaluating financial performance. Accordingly, we have determined that we operate as one reportable segment.

Stock-Based Compensation

Stock-based compensation cost for equity awards is measured at the grant-date fair value using appropriate valuation techniques and recognized as expense over the requisite service or performance period. We account for forfeitures when they occur.

Stock-based compensation costs for stock options and restricted stock units ("RSUs") are recognized on a straight-line basis over the requisite service period, which is generally two to five years. The Company has granted RSUs that vest upon the satisfaction of both service-based and performance-based conditions ("PRSUs"). The service-based condition for these awards is generally satisfied over one to four years. The performance-based conditions are satisfied upon achieving specified performance targets, such as financial or operating metrics. We record stock-based compensation expense for performance-based equity awards on an accelerated attribution method over the requisite service period, and only if performance-based conditions are considered probable to be satisfied.

See Note 6, Stockholders' Equity and Stock-Based Compensation for a detailed discussion of the Company's stock plans, assumptions to the valuation techniques, and stock-based compensation expense.

Income Taxes

Income tax expense is an estimate of current income taxes payable in the current fiscal year based on reported income before income taxes. Deferred income taxes reflect the effect of temporary differences and carryforwards that we recognize for financial reporting and income tax purposes.

We account for income taxes under the liability approach for deferred income taxes, which requires recognition of deferred income tax assets and liabilities for the expected future tax consequences of events that have been recognized in our consolidated financial statements, but have not been reflected in our taxable income. Estimates and judgments occur in the calculation of certain tax liabilities and in the determination of the recoverability of certain deferred income tax assets, which arise from temporary differences and carryforwards. Deferred income tax assets and liabilities are measured using the currently enacted tax rates that apply to taxable income in effect for the years in which those tax assets are expected to be realized or settled. We regularly assess the likelihood that our deferred income tax assets will be realized based on the positive and negative evidence available. We record a valuation allowance to reduce the deferred tax assets to the amount that we are more likely than not to realize.

We believe that we have adequately reserved for our uncertain tax positions, although we can provide no assurance that the final tax outcome of these matters will not be materially different. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will affect the provision for income taxes in the period in which such determination is made and could have a material impact on our financial condition and results of operations. The provision for income taxes includes the effects of any reserves that we believe are appropriate, as well as the related net interest and penalties.

We regularly review our tax positions and benefits to be realized. We recognize tax liabilities based upon our estimate of whether, and to the extent to which, additional taxes will be due when such estimates are more likely than not to be sustained. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. We recognize interest and penalties related to income tax matters as income tax expense.

The U.S. tax rules require U.S. tax on foreign earnings, known as global intangible low taxed income ("GILTI"). Under U.S. GAAP, we are allowed to make an accounting policy choice of either (1) treating taxes due on future U.S. inclusions in taxable income related to GILTI as a current-period expense when incurred (the "period cost method") or (2) factoring such amounts into a company's measurement of its deferred taxes (the "deferred method"). We selected the deferred method of accounting and recorded the associated basis differences anticipated to influence prospective GILTI calculations.

Recently Adopted Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740)-Improvements to Income Tax Disclosures. The ASU requires that an entity disclose specific categories in the effective tax rate reconciliation as well as provide additional information for reconciling items that meet a quantitative threshold. Further, the ASU requires certain disclosures of state versus federal income tax expense and taxes paid. The amendments in this ASU are required to be adopted

for fiscal years beginning after December 15, 2024. We have adopted ASU 2023-09 for the year ended December 31, 2025 on a prospective basis. See Note 8, Income Taxes for the inclusion of the new required disclosure.

Recent Accounting Pronouncements Not Yet Effective

In November 2024, the FASB issued ASU 2024-03, Disaggregation of Income Statement Expenses (Subtopic 220-40). The ASU requires the disaggregated disclosure of specific expense categories, including purchases of inventory, employee compensation, depreciation, and amortization, within relevant income statement captions, and also requires disclosure of the total amount of selling expenses along with the definition of selling expenses. The ASU is effective for annual periods beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Adoption of this ASU can either be applied prospectively to consolidated financial statements issued for reporting periods after the effective date of this ASU or retrospectively to any or all prior periods presented in the consolidated financial statements. Early adoption is also permitted. This ASU will result in the required additional disclosures being included in our consolidated financial statements, once adopted. We are currently evaluating the provisions of this ASU.

On December 2025, the FASB issued ASU 2025-11, Interim Reporting (Topic 270) which is intended to streamline the guidance in ASC 270, Interim Reporting, and clarify when it applies. Under the amendments, an entity is subject to ASC 270 if it provides interim financial statements and notes in accordance with GAAP. ASU 2025-11 also addresses the form and content of such financial statements, interim disclosures requirements, and establishes a principle under which an entity must disclose events since the end of the last annual reporting period that have a material impact on the entity. ASU 2025-11 is effective for interim reporting periods within annual reporting periods beginning after December 15, 2027, and early adoption is permitted. We are currently evaluating the provisions of this ASU.

2. Fair Value Measurements

Assets measured at fair values on a recurring basis

We measure and report our cash equivalents, restricted cash, and available-for-sale marketable securities at fair value on a recurring basis. The following tables summarize the fair value of these financial assets by significant investment category and their levels within the fair value hierarchy (in millions):

	December 31, 2025				December 31, 2024			
	Level I	Level II	Level III	Total	Level I	Level II	Level III	Total
Financial Assets:								
<i>Cash Equivalents:</i>								
Money market funds	\$ 1,174.8	\$ —	\$ —	\$ 1,174.8	\$ 1,707.5	\$ —	\$ —	\$ 1,707.5
Commercial paper	—	29.8	—	29.8	—	—	—	—
Corporate bonds	—	6.6	—	6.6	—	—	—	—
Agency securities	—	—	—	—	—	3.0	—	3.0
U.S. government notes	124.9	—	—	124.9	31.4	—	—	31.4
	1,299.7	36.4	—	1,336.1	1,738.9	3.0	—	1,741.9
<i>Marketable Securities:</i>								
Commercial paper	—	83.0	—	83.0	—	48.8	—	48.8
U.S. government notes	2,854.3	—	—	2,854.3	1,921.5	—	—	1,921.5
Corporate bonds	—	4,329.7	—	4,329.7	—	2,593.6	—	2,593.6
Municipal bonds	—	14.5	—	14.5	—	—	—	—
Agency securities	—	1,497.6	—	1,497.6	—	977.2	—	977.2
	2,854.3	5,924.8	—	8,779.1	1,921.5	3,619.6	—	5,541.1
<i>Other Assets:</i>								
Money market funds - restricted cash	1.4	—	—	1.4	1.4	—	—	1.4
Total Financial Assets	\$ 4,155.4	\$ 5,961.2	\$ —	\$ 10,116.6	\$ 3,661.8	\$ 3,622.6	\$ —	\$ 7,284.4

During the year ended on December 31, 2025, the Company did not make any transfers between the levels of the fair value hierarchy.

The following table summarizes the amortized cost, unrealized gains and losses, and fair value of our debt securities measured at fair value on a recurring basis (in millions):

	December 31, 2025				December 31, 2024			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Commercial paper	\$ 112.8	\$ —	\$ —	\$ 112.8	\$ 48.8	\$ —	\$ —	\$ 48.8
U.S. government	2,970.4	8.8	—	2,979.2	1,954.8	2.7	(4.6)	1,952.9
Corporate bonds	4,321.2	16.0	(0.9)	4,336.3	2,595.7	4.4	(6.5)	2,593.6
Municipal bonds	14.5	—	—	14.5	—	—	—	—
Agency securities	1,495.5	2.7	(0.6)	1,497.6	981.0	1.6	(2.4)	980.2
Total	\$ 8,914.4	\$ 27.5	\$ (1.5)	\$ 8,940.4	\$ 5,580.3	\$ 8.7	\$ (13.5)	\$ 5,575.5

For debt securities in unrealized loss positions, it is not likely that we will be required to sell such securities before recovery of their amortized cost basis nor do we have the intent to sell such securities before maturity; we invest in debt securities that have maximum maturities of three years and are generally deemed to be low risk based on their credit ratings from the major rating agencies. The longer the duration of these marketable securities, the more susceptible they are to changes in market interest rates and bond yields. Given the short-term and conservative nature of our portfolio, our debt securities are exposed to minimal credit risk; therefore, we did not recognize any credit losses or non-credit-related impairments related to our available-for-sale marketable debt securities for the years ended 2025, 2024 and 2023. All unrealized losses were recognized in other comprehensive income (loss). Realized gains or losses were immaterial for the years ended 2025, 2024 and 2023.

The following table is an analysis of our debt securities in unrealized loss positions (in millions):

	December 31, 2025					
	Unrealized Losses within 12 months		Unrealized Losses 12 months or greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Commercial paper	\$ 9.9	\$ —	\$ —	\$ —	\$ 9.9	\$ —
U.S. government notes	260.8	\$ —	15.0	—	275.8	—
Corporate bonds	857.7	(0.9)	29.9	—	887.6	(0.9)
Municipal bonds	4.7	—	—	—	4.7	—
Agency securities	473.1	(0.6)	—	—	473.1	(0.6)
Total	\$ 1,606.2	\$ (1.5)	\$ 44.9	\$ —	\$ 1,651.1	\$ (1.5)

As of December 31, 2025, we had no marketable debt securities with contractual maturities that exceed 36 months. The fair values of marketable debt securities, by remaining contractual maturities, are as follows (in millions):

	December 31, 2025	
Due in 1 year or less	\$	3,267.4
Due in 1 year through 3 years		5,511.7
Total marketable securities	\$	8,779.1

The weighted-average remaining duration of our marketable debt securities is approximately 1.4 years as of December 31, 2025.

3. Financial Statements Details

Inventories

Inventories consist of the following (in millions):

	December 31,	
	2025	2024
Raw materials	\$ 611.2	\$ 565.4
Finished goods ⁽¹⁾	1,635.9	1,269.2
Total inventories	\$ 2,247.1	\$ 1,834.6

(1) The balance includes evaluation inventory totaling \$403.7 million and \$422.1 million as of December 31, 2025 and December 31, 2024, respectively.

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of the following (in millions):

	December 31,	
	2025	2024
Deferred cost of goods sold ⁽¹⁾	\$ 1,197.0	\$ 291.3
Other prepaid expenses and deposits	313.0	341.0
Total prepaid expenses and other current assets	\$ 1,510.0	\$ 632.3

(1) The increase in 2025 was driven by a corresponding increase in deferred product revenue.

Property and Equipment, net

Property and equipment, net consists of the following (in millions):

	December 31,	
	2025	2024
Land	\$ 47.3	\$ 47.2
Equipment and machinery	188.3	160.7
Computer hardware and software	66.2	63.9
Furniture and fixtures	3.7	3.5
Leasehold improvements	38.4	34.7
Construction-in-process	107.9	8.2
Property and equipment, gross	451.8	318.2
Less: accumulated depreciation	(248.7)	(219.4)
Property and equipment, net	\$ 203.1	\$ 98.8

Depreciation expense was \$30.9 million, \$34.0 million and \$31.7 million for the years ended December 31, 2025, 2024 and 2023, respectively.

Contract Liabilities, Deferred Revenue and Other Performance Obligations

Contract Liabilities

A contract liability is recognized when we have received customer payments in advance of our satisfaction of a performance obligation under a cancellable contract. The following table summarizes the activity related to our contract liabilities (in millions):

	Year Ended December 31,	
	2025	2024
Contract liabilities, beginning balance	\$ 160.8	\$ 133.2
Less: Revenue recognized from beginning balance	(63.1)	(58.3)
Add: Contract liabilities recognized	152.4	85.9
Contract liabilities, ending balance	\$ 250.1	\$ 160.8

As of December 31, 2025 and 2024, \$114.0 million and \$65.7 million, respectively, of our contract liabilities were recorded within other current liabilities with the remaining balance recorded within other long-term liabilities in the accompanying consolidated balance sheets.

Deferred Revenue

Deferred revenue is comprised mainly of unearned revenue related to product deferrals from contracts with acceptance clauses and, annual and multi-year PCS contracts. The following table summarizes the activity related to our deferred revenue (in millions):

	Year Ended December 31,	
	2025	2024
Deferred revenue, beginning balance	\$ 2,791.4	\$ 1,506.2
Less: Revenue recognized from beginning balance	(1,691.5)	(860.2)
Add: Deferral of revenue in current period, excluding amounts recognized during the period	4,272.5	2,145.4
Deferred revenue, ending balance	\$ 5,372.4	\$ 2,791.4

Other Performance Obligations

Other performance obligations totaling \$503.1 million as of December 31, 2025 include unbilled multi-year PCS and service contract amounts of \$275.5 million and \$227.6 million of binding contractual agreements with certain customers that are primarily related to future product shipments.

Revenue from Total Remaining Performance Obligations

Total revenue from our contract liabilities, deferred revenue and other performance obligations that is expected to be recognized in future periods was \$6.1 billion as of December 31, 2025. Approximately 90% of this future revenue is expected to be recognized over the next two years and the remaining 10% is expected to be recognized during the third to the fifth year.

Other Income, Net

Other income, net consists of the following (in millions):

	Year Ended December 31,		
	2025	2024	2023
Other income (expense), net:			
Interest income	\$ 383.4	\$ 311.0	\$ 152.4
Other income (expense)	10.2	9.5	12.3
Total other income, net	\$ 393.6	\$ 320.5	\$ 164.7

4. Acquisition, Goodwill and Acquisition-Related Intangible Assets

Acquisition and Goodwill

On June 30, 2025, we completed the acquisition of the VeloCloud business ("VeloCloud") from Broadcom for total cash consideration of \$300.0 million. VeloCloud's secure, AI-optimized cloud WAN portfolio provides seamless connectivity to customer sites of any type, complementing Arista's leading data center and campus wired/wireless portfolio. The preliminary purchase price allocation based on the estimated fair values of the assets acquired and liabilities assumed as of the acquisition date, included \$268.4 million of intangible assets, \$148.0 million of goodwill and \$116.4 million of net tangible liabilities assumed as of June 30, 2025. A portion of the goodwill is deductible for tax purposes. The rest of the changes in the carrying value of goodwill for the year ended December 31, 2025 were not material.

Acquisition-Related Intangible Assets

Acquisition-related intangible assets, included in other assets, are subject to amortization on a straight-line basis over their estimated useful lives, as we believe this method most closely reflects the pattern in which the economic benefits of the assets will be consumed. The following table presents details of our acquisition-related intangible assets as of December 31, 2025 and 2024 (in millions, except for years):

	December 31, 2025				December 31, 2024		
	Weighted Average Remaining Useful Life (in years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Developed technology	4.0	\$ 241.1	\$ (139.0)	\$ 102.1	\$ 154.9	\$ (119.2)	\$ 35.7
Customer relationships	6.2	224.3	(48.9)	175.4	54.6	(29.5)	25.1
Trade name	4.5	24.9	(13.6)	11.3	12.4	(11.2)	1.2
Total	5.3	\$ 490.3	\$ (201.5)	\$ 288.8	\$ 221.9	\$ (159.9)	\$ 62.0

Amortization expense related to acquisition-related intangible assets was \$41.6 million, \$26.8 million and \$33.4 million for the years ended December 31, 2025, 2024 and 2023, respectively.

As of December 31, 2025, future estimated amortization expense related to the acquired-related intangible assets is as follows (in millions):

Years Ending December 31,	Future Amortization Expense
2026	\$ 61.3
2027	57.4
2028	54.0
2029 and thereafter	116.1
Total	\$ 288.8

5. Commitments and Contingencies

Purchase Commitments

We outsource most of our manufacturing and supply chain management operations to third-party contract manufacturers, who procure components and assemble products on our behalf. A significant portion of our purchase orders for finished goods and strategic components, including integrated circuits consigned to contract manufacturers, consists of non-cancellable commitments. Our purchase obligations also encompass software and technology licenses, property and equipment, and other corporate goods and services. As of December 31, 2025, we had non-cancellable purchase commitments not recorded on our balance sheet of \$6.8 billion, of which \$6.3 billion have confirmed receipt dates within 12 months, and \$0.5 billion have confirmed receipt dates greater than 12 months. These open purchase orders are considered enforceable and legally binding, and while we may have some limited ability to reschedule, and adjust our requirements based on our business needs prior to the delivery of goods or performance of services, this can only occur with the agreement of the related supplier.

We also had deposits to our contract manufacturers to secure our purchase commitments in the amount of \$53.0 million and \$95.8 million as of December 31, 2025 and 2024, respectively, which were recorded within prepaid expenses and other current assets, as well as other assets in the consolidated balance sheets.

Leases

We have operating lease arrangements for office space, data center, equipment and other corporate assets. As of December 31, 2025, we had lease payment obligations, net of immaterial sublease income, of \$90.5 million, with \$22.1 million payable within 12 months.

Property project

During the year ended December 31, 2021, we purchased land and the improvements thereon in Santa Clara, California to construct a building for office, lab and data center space. The estimated capital expenditures related to this project is expected to be approximately \$170.0 million to \$195.0 million through December 31, 2026 at which time construction is expected to be completed.

Guarantees

We have entered into agreements with some of our direct customers and channel partners that contain indemnification provisions relating to potential situations where claims could be alleged that our products infringe the intellectual property rights of a third-party. We have, at our option and expense, the ability to repair any infringement, replace product with a non-infringing equivalent-in-function product or refund our customers all or a portion of the value of the product. Other guarantees or indemnification agreements include guarantees of product and service performance and standby letters of credit for leased facilities and corporate credit cards. We have not recorded a liability related to these indemnification and guarantee provisions, and our guarantee and indemnification arrangements have not had any material impact on our consolidated financial statements to date.

Legal Proceedings

In the ordinary course of business, we are a party to other claims and legal proceedings including matters relating to commercial, employee relations, business practices and intellectual property.

We record a provision for contingent losses when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. As of December 31, 2025, provisions recorded for contingent losses related to other claims and matters have not been significant. Based on currently-available information, management does not believe that any additional liabilities relating to other unresolved matters are probable or that the amount of any resulting loss is estimable, and believes these other matters are not likely, individually and in the aggregate, to have a material adverse effect on our financial position, results of operations or cash flows; however, litigation is subject to inherent uncertainties and our view of these matters may change in the future. Were an unfavorable outcome to occur, there exists the possibility of a material adverse impact on our financial position, results of operations or cash flows for the period in which the unfavorable outcome occurs, and potentially in future periods.

6. Stockholders' Equity and Stock-Based Compensation

Stock Repurchase Program

In May 2025, we completed repurchases under the \$1.2 billion Prior Repurchase Program and our board of directors authorized the \$1.5 billion New Repurchase Program. This authorization allows us to repurchase shares of our common stock that will be funded from working capital. Repurchases may be made at management's discretion from time to time on the open market, through privately negotiated transactions, transactions structured through investment banking institutions, block purchases, trading plans under Rule 10b5-1 of the Exchange Act, or a combination of the foregoing. The New Repurchase Program does not obligate us to acquire any of our common stock and may be suspended or discontinued by the Company at any time without prior notice. During the year ended December 31, 2025, we repurchased a total of \$921.0 million of our common stock under our Prior Repurchase Program and \$682.1 million of our common stock under our New Repurchase Program. As of December 31, 2025, the remaining authorized amount for stock repurchases under the New Repurchase Program was approximately \$817.9 million.

A summary of the stock repurchase activities for the years ended December 31, 2025 and 2024 is as follows (in millions, except per share amounts):

	Year Ended December 31,	
	2025	2024
Aggregate purchase price ⁽¹⁾	\$ 1,603.1	\$ 423.6
Shares repurchased	15.9	5.5
Average price paid per share ⁽¹⁾	\$ 100.63	\$ 77.13

(1) Aggregate purchase price and average price paid per share for the year of 2025 include costs associated with the repurchases but exclude the 1% excise tax accrued on our share repurchases as a result of the Inflation Reduction Act of 2022.

The aggregate purchase price of repurchased shares of our common stock is recorded as a reduction to retained earnings in our consolidated statements of stockholders' equity. All shares repurchased have been retired.

Equity Award Plan Activities

2014 Employee Stock Purchase Plan

In April 2014, the board of directors and stockholders approved the 2014 Employee Stock Purchase Plan ("ESPP"). The ESPP became effective on the first day that our common stock was publicly traded. The number of shares reserved for issuance under the ESPP increases automatically on January 1 of each year by the number of shares equal to 1% of our shares outstanding as of the preceding December 31. This annual increase is subject to a maximum of 40 million shares and may be reduced or waived at the discretion of the board of directors. As of December 31, 2025, there remained 104.1 million shares available for issuance under the ESPP.

Under our ESPP, eligible employees are permitted to acquire shares of our common stock at 85% of the lower of the fair market value of our common stock on the first trading day of each offering period or on the exercise date. Each offering period lasts approximately two years starting on the first trading date after February 15 and August 15 of each year, and includes purchase dates every six months on or after February 15 and August 15 of each year. Participants may purchase shares of common stock through payroll deductions up to 15% of their eligible compensation, subject to Internal Revenue Service mandated purchase limits.

During the year ended December 31, 2025, we issued 0.7 million shares at an average purchase price of \$67.27 per share under our ESPP.

2014 Equity Incentive Plan

On April 16, 2024, our board of directors adopted an amended and restated Arista Networks, Inc. 2014 Equity Plan ("Restated Plan"), effective April 17, 2024 ("Effective Date") subject to the approval of our stockholders, which was approved at the 2024 Annual Meeting of Stockholders on June 7, 2024.

The Restated Plan provides for the grant of equity-based awards, including stock options, restricted stock units, restricted stock, stock appreciation rights, and performance awards. The share pool available under the prior version of the Company's 2014 Equity Incentive Plan ("Prior Plan") was extinguished, and the Restated Plan provides for a new share pool not to exceed (i) 52.8 million shares of our Common Stock ("Shares"), plus (ii) any Shares subject to awards under the Prior Plan that, on or after the Effective Date, expired or otherwise terminated without having been exercised in full, or that were forfeited to or repurchased by us, including net settlement of Shares subject to restricted stock units, with the maximum number of

Shares to be added to the Restated Plan as a result of clause (ii) equal to 40.2 million Shares. The Restated Plan's terms are substantially similar to the Prior Plan's terms, including with respect to treatment of equity awards in the event of a "change in control" as defined under the Restated Plan, but with certain modifications, including the elimination of the automatic "evergreen" share reserve increase provided for under the Prior Plan. As of December 31, 2025, there remained approximately 45.0 million shares available for grant under the Restated Plan.

Stock Option Activities

The following table summarizes the option activity under our stock plans and related information (in millions, except years and per share amounts):

	Number of Shares Underlying Outstanding Options	Weighted- Average Exercise Price per Share	Weighted- Average Remaining Contractual Term (In Years)	Aggregate Intrinsic Value
Balance—December 31, 2024	3.1	\$ 6.71	1.5	\$ 320.9
Options granted	—	—		
Options exercised	(2.2)	4.10		
Options canceled	(0.1)	14.70		
Balance—December 31, 2025	<u>0.8</u>	\$ 12.93	2.7	\$ 93.3
Vested and exercisable—December 31, 2025	<u>0.8</u>	\$ 12.93	2.7	\$ 93.3

We did not grant any stock options during the years ended December 31, 2025, 2024 and 2023. The aggregate intrinsic value of options exercised during the years ended December 31, 2025, 2024 and 2023 was \$211.0 million, \$495.1 million and \$525.3 million, respectively. The total fair value of options vested for the year ended December 31, 2025 was not material. The total fair value of options vested for the years ended December 31, 2024 and 2023 was approximately \$5.6 million and \$8.7 million, respectively.

Restricted Stock Unit (RSU) Activities

A summary of the RSU activity is presented below (in millions, except years and per share amounts):

	Number of Shares	Weighted- Average Grant Date Fair Value Per Share
Balance—December 31, 2024	28.6	\$ 45.46
RSUs granted	10.7	103.34
RSUs vested	(8.6)	37.98
RSUs forfeited/canceled	(2.6)	51.48
Unvested balance—December 31, 2025	<u>28.1</u>	\$ 69.81

The weighted-average grant-date fair value of RSUs granted during the years ended December 31, 2025, 2024 and 2023 was \$103.34, \$72.61 and \$39.49 per share, respectively. The total fair value of RSUs vested for the years ended December 31, 2025, 2024 and 2023 was approximately \$310.1 million, \$251.8 million, and \$225.5 million, respectively.

Stock-Based Compensation Expense

The following table summarizes the stock-based compensation expense related to our equity awards (in millions):

	Year Ended December 31,		
	2025	2024	2023
Cost of revenue	\$ 26.9	\$ 15.8	\$ 12.8
Research and development	260.7	211.8	172.2
Sales and marketing	104.1	78.8	71.1
General and administrative	47.5	49.0	40.7
Total stock-based compensation	\$ 439.2	\$ 355.4	\$ 296.8

Determination of Fair Value

We record stock-based compensation on equity awards based on their fair value as of the grant date. We value RSUs at the closing market price of our common stock on the grant date. For option awards and ESPP offerings, we use the Black-Scholes option pricing model to determine fair value. We recognize such costs as compensation expense generally on a straight-line basis over the requisite service period of the award.

As of December 31, 2025, there were \$1.5 billion of unrecognized compensation costs related to all unvested awards. The unamortized compensation costs are expected to be recognized over a weighted-average period of approximately 4.3 years.

7. Net Income Per Share

Basic net income per share is computed using the weighted-average number of shares of common stock outstanding during the period. Diluted net income per share is computed using the weighted-average number of shares of common stock outstanding during the period, including potential common shares assuming the dilutive effect of outstanding stock options, restricted stock units, and the employee stock purchase plan using the treasury stock method. Potential common shares whose effect would have been antidilutive are excluded from the computation of diluted net income per share. The following table sets forth the computation of our basic and diluted net income per share attributable to common stockholders, as adjusted to give effect to the Stock Split (in millions, except per share amounts):

	Year Ended December 31,		
	2025	2024	2023
Net income	\$ 3,511.4	\$ 2,852.1	\$ 2,087.3
Basic weighted-average shares outstanding	1,258.0	1,256.3	1,237.4
Add weighted-average effects of dilutive securities:			
Employee equity awards	17.7	24.8	31.1
Diluted weighted-average shares outstanding	1,275.7	1,281.1	1,268.5
Net income per share:			
Basic	\$ 2.79	\$ 2.27	\$ 1.69
Diluted	\$ 2.75	\$ 2.23	\$ 1.65

The following weighted-average outstanding shares of common stock equivalents were excluded from the computation of diluted net income per share attributable to common stockholders because their effects would have been anti-dilutive for the periods presented, as adjusted to give effect to the Stock Split (in millions):

	Year Ended December 31,		
	2025	2024	2023
Employee equity awards	1.2	0.3	1.0

8. Income Taxes

The components of income before provision for income taxes are as follows (in millions):

	Year Ended December 31,		
	2025	2024	2023
Domestic	\$ 3,369.6	\$ 2,635.6	\$ 1,977.7
Foreign	880.1	629.5	444.3
Income before income taxes	\$ 4,249.7	\$ 3,265.1	\$ 2,422.0

The components of the provision for income taxes are as follows (in millions):

	Year Ended December 31,		
	2025	2024	2023
Current provision for income taxes:			
Federal	\$ 785.3	\$ 751.3	\$ 574.4
State	142.9	114.7	106.9
Foreign	122.1	39.8	24.2
Total current	1,050.3	905.8	705.5
Deferred tax expense (benefit):			
Federal	(294.1)	(504.7)	(372.3)
State	(46.8)	(42.8)	(41.1)
Foreign	28.9	54.7	42.6
Total deferred tax expense (benefit)	(312.0)	(492.8)	(370.8)
Total provision for income taxes	\$ 738.3	\$ 413.0	\$ 334.7

We adopted ASU 2023-09 "Income Taxes (Topic 740): Improvements to Income Tax Disclosures" on a prospective basis beginning with the year ended December 31, 2025. The following table presents required disclosure pursuant to ASU

2023-09 and reconciles the U.S. federal statutory income tax amount and rate to our total provision for income taxes amount and rate for the year ended December 31, 2025 (in millions except for percentages):

	Year Ended December 31, 2025	
	Amount	Percent
U.S. federal statutory income tax rate	\$ 892.4	21.00 %
State tax, net of federal benefit ¹	76.3	1.80
Foreign Tax Effects		
Ireland		
Statutory tax rate difference between Ireland and US	(45.4)	(1.07)
Other	12.6	0.30
Other jurisdictions	(1.4)	(0.03)
Enactment of New Tax Laws	22.6	0.53
Effect of Cross Border Tax Laws		
Net Controlled Foreign Corporation Tested Income	(32.6)	(0.77)
Other	2.3	0.05
Tax Credits		
Research and Development Tax Credit	(54.8)	(1.29)
Nontaxable or Nondeductible Items		
Stock-Based Compensation	(123.9)	(2.91)
Other	1.2	0.02
Changes in Unrecognized Tax Benefits	(11.0)	(0.26)
Total Provision for Income Taxes	\$ 738.3	17.37 %

(1) State taxes in Georgia, Kentucky and Missouri for 2025 made up the majority (greater than 50 percent) of the tax effect in the state tax category.

The following table presents the required disclosures prior to our adoption of ASU 2023-09 and reconciles the U.S. federal statutory income tax rate and our effective tax rate for the years ended December 31, 2024 and December 31, 2023 (in percentages):

	Year Ended December 31,	
	2024	2023
U.S. federal statutory income tax rate	21.00 %	21.00 %
State tax, net of federal benefit	1.75	2.13
Taxes on foreign earnings differential	(2.38)	(1.96)
Tax credits	(2.79)	(2.74)
Stock-based compensation	(4.96)	(4.59)
Other, net	0.03	(0.03)
Effective tax rate	12.65 %	13.81 %

On July 4, 2025, the OBBB Act was signed into law in the U.S. This legislation contains a broad range of tax reform provisions affecting businesses. The full effects of the legislation on our annual effective tax rate and cash tax position are reflected in our twelve months ended December 31, 2025 period results.

Our provision for income taxes and effective tax rate increased for the year ended December 31, 2025, as compared to 2024. The increase in our income taxes was primarily associated with a decrease in tax benefits attributable to equity-based compensation. Excess tax benefits resulting from stock awards were \$159.2 million, \$212.3 million and \$151.2 million for the years ended December 31, 2025, 2024 and 2023, respectively.

The tax effects of temporary differences that give rise to significant portions of deferred tax assets (liabilities) are as follows (in millions) :

	December 31,	
	2025	2024
Deferred tax assets:		
Intangible assets	\$ 244.9	\$ 273.9
Reserves and accruals not currently deductible	146.4	135.2
Deferred revenue	1,130.8	566.3
Tax credits	134.0	130.2
Lease financing obligation	17.7	13.7
Capitalized research and development expenses	417.0	634.5
Stock-based compensation	53.4	38.6
Net operating losses	19.7	25.9
Other	2.8	3.6
Gross deferred tax assets	2,166.7	1,821.9
Valuation allowance	(195.8)	(179.8)
Total deferred tax assets	1,970.9	1,642.1
Deferred tax liabilities:		
US tax on foreign earnings	(167.5)	(189.8)
Right of use asset	(15.7)	(11.6)
Other	(14.1)	(0.3)
Total deferred tax liabilities	(197.3)	(201.7)
Net deferred tax assets	\$ 1,773.6	\$ 1,440.4

The change in valuation allowance from December 31, 2024 to December 31, 2025 is substantially attributable to the uncertainty regarding the realizability of state deferred tax assets,

As of December 31, 2025, we had \$210.1 million and \$120.5 million of net operating loss carryforwards for federal and state income tax purposes, respectively, from acquisitions. These federal and state losses will begin to expire in 2028 and 2029, respectively. We do not have any material foreign net operating losses.

As of December 31, 2025, our state tax credit carryforwards for income tax purposes before valuation allowances were approximately \$257.2 million, which can be carried over indefinitely. We have provided a valuation allowance of \$195.8 million for deferred tax assets, primarily related to state carryforwards that we do not believe are more likely than not to be realized.

Utilization of the net operating losses and tax credit carryforwards may be subject to limitations due to ownership change limitations provided in the Internal Revenue Code and similar state or foreign provisions.

U.S. tax law generally requires U.S. shareholders of a controlled foreign corporation ("CFC") to include the annual earnings of foreign subsidiaries into U.S. taxable income each year. Correspondingly, most of the undistributed earnings are deemed to be previously taxed for U.S. tax purposes and distributions of the unremitted earnings do not have any significant U.S. federal income tax impact. The determination of the future tax consequences of the remittance of these earnings is not practicable.

Income Taxes Paid

We have made tax payments and received refunds during the year ended December 31, 2025 as follows (in millions):

	Year Ended December 31, 2025	
U.S. Federal	\$	808.0
State:		
Other		175.2
Foreign:		
Ireland		90.3
Other		22.4
Foreign subtotal:		112.7
Total cash paid for income taxes (net of refunds)	\$	1,095.9

Uncertain Tax Positions

We recognize uncertain tax positions only to the extent that management believes that it is more likely than not that the position will be sustained. The reconciliation of the beginning and ending amount of gross unrecognized tax benefits as of December 31, 2025, 2024 and 2023 is as follows (in millions):

	Year Ended December 31,		
	2025	2024	2023
Gross unrecognized tax benefits—beginning balance	\$ 181.5	\$ 163.3	\$ 137.4
Increases related to tax positions taken in a prior year	8.2	0.3	4.7
Increases related to tax positions taken during current year	20.0	52.7	39.9
Decreases related to tax positions taken in a prior year	(2.6)	(8.6)	(0.5)
Decreases related to lapse of statute of limitations	(15.4)	(26.0)	(18.2)
Decreases related to settlements with taxing authorities	—	(0.2)	—
Gross unrecognized tax benefits—ending balance	\$ 191.7	\$ 181.5	\$ 163.3

As of December 31, 2025, 2024 and 2023, the total amount of gross unrecognized tax benefits was \$191.7 million, \$181.5 million and \$163.3 million, respectively, of which \$100.7 million, \$103.4 million and \$90.0 million would affect our effective tax rate if recognized.

Our policy is to recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. For the years ended December 31, 2025 and 2024, the net expense for interest and penalties and the recognized liability for interest and penalties were not material.

The statute of limitations for Federal and most states remains open for 2022 and forward. Some states have net operating loss and tax credit carryforwards, and therefore remain open to examination. Our foreign tax returns, where the statute of limitations have not yet lapsed, are open to audit in the respective foreign countries where the subsidiaries are located.

9. Segment and Geographical Information

We operate as one reportable segment. The accounting policies of the reportable segment are the same as those described in the summary of significant accounting policies. The financial information reviewed by the CODM reflects quarterly and year-to-date operating results, with a primary focus on revenue, gross margin, operating margin and net income as reported on the consolidated statements of income. Consolidated financial information is used by the CODM to evaluate performance and make decisions regarding resource allocation and other strategic initiatives. This consolidated financial information is also what is used to establish and approve operating budgets and forecasts. The measure of segment assets is reported on the consolidated balance sheets in total. There was no change for each of the periods presented in the measurement methods used to determine reported segment profit and loss.

The CODM reviews the following significant segment expenses, which are presented separately on the Company's consolidated statements of income: cost of revenue and operating expenses. Other segment items that are included in the calculation of the Company's net income include other income (expense), net, which is further described in Note 3. Financial Statements Details and income taxes, which is further described in Note 8. Income Taxes. Other segment disclosures such as depreciation and amortization and stock-based compensation are disclosed in the Consolidated Statements of Cash Flows.

The following table represents revenue based on customers' shipping addresses (in millions):

	Year Ended December 31,		
	2025	2024	2023
Americas ⁽¹⁾	\$ 7,122.1	\$ 5,729.0	\$ 4,651.2
Europe, Middle East and Africa	1,070.3	713.2	671.0
Asia Pacific	813.3	560.9	538.0
Total revenue	<u>\$ 9,005.7</u>	<u>\$ 7,003.1</u>	<u>\$ 5,860.2</u>

(1) Includes \$7,063.8 million, \$5,663.0 million and \$4,541.5 million revenue generated from the U.S. for the three years ended December 31, 2025, 2024 and 2023, respectively

Long-lived assets, excluding intercompany receivables, investments in subsidiaries, investments in privately-held companies and deferred tax assets, net by location are summarized as follows (in millions):

	December 31,	
	2025	2024
United States	\$ 184.8	\$ 83.5
International	18.3	15.3
Total	<u>\$ 203.1</u>	<u>\$ 98.8</u>

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Management, with the participation of our Chief Executive Officer (“CEO”) and our Chief Financial Officer (“CFO”), evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2025. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Based on the evaluation of our disclosure controls and procedures as of December 31, 2025, our CEO and CFO concluded that, as of such date, our disclosure controls and procedures are designed at a reasonable assurance level and are effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in Commission rules and forms, and that such information is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act, as amended, that occurred during the quarter ended December 31, 2025 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations of Internal Controls

Our management, including our CEO and CFO, does not expect that our disclosure controls and procedures or our internal controls over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed under the supervision of our principal executive and principal financial officers to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

Our internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely

detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the Consolidated Financial Statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2025, based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control - Integrated Framework (2013 framework). Based on that assessment, management concluded that, as of December 31, 2025, its internal control over financial reporting was effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with U.S. GAAP.

The effectiveness of our internal control over financial reporting, as of December 31, 2025, has been audited by Ernst & Young LLP, the independent registered public accounting firm that audits our Consolidated Financial Statements, as stated in their report included in Item 8 of this Annual Report on Form 10-K, which expresses an unqualified opinion on the effectiveness of our internal control over financial reporting as of December 31, 2025.

Item 9B. Other Information

Securities Trading Plans of Directors and Executive Officers

During our last fiscal quarter, each of the following directors and officers, as defined in Rule 16a-1(f), adopted a “Rule 10b5-1 trading arrangement” as defined in Regulation S-K Item 408, as follows:

On November 14, 2025, Jayshree Ullal, our Chairperson and Chief Executive Officer, adopted a Rule 10b5-1 trading arrangement providing for the sale from time to time of an aggregate of: (i) up to 5,726,000 shares of our common stock; and (ii) a number of shares of our common stock that may be earned in connection with grants of performance-based restricted stock units, which cannot be determined at this time. The duration of the trading arrangement is until February 20, 2027, or earlier if all transactions under the trading arrangement are completed. The trading arrangement is intended to satisfy the affirmative defense in Rule 10b5-1(c).

On November 21, 2025, Yvonne Wassenaar, a member of our Board of Directors, adopted a Rule 10b5-1 trading arrangement providing for the sale from time to time of up to an aggregate of 5,576 shares of our common stock. The duration of the trading arrangement is until February 26, 2027, or earlier if all transactions under the trading arrangement are completed. The trading arrangement is intended to satisfy the affirmative defense in Rule 10b5-1(c).

On December 11, 2025, Chantelle Breithaupt, our Senior Vice President and Chief Financial Officer, adopted a Rule 10b5-1 trading arrangement providing for the sale from time to time of a number of shares of our common stock that may be earned in connection with grants of performance-based restricted stock units, which cannot be determined at this time. The duration of the trading arrangement is until December 31, 2026, or earlier if all transactions under the trading arrangement are completed. The trading arrangement is intended to satisfy the affirmative defense in Rule 10b5-1(c).

No other officers or directors, as defined in Rule 16a-1(f), adopted or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement,” as defined in Regulation S-K Item 408, during the last fiscal quarter.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not Applicable.

PART III

Item 10. Directors, Executive Officers, and Corporate Governance

Information required by this Item is incorporated herein by reference to our definitive proxy statement with respect to our 2026 Annual Meeting of Stockholders to be filed with the Commission within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

Item 11. Executive Compensation

Information required by this Item is incorporated herein by reference to our definitive proxy statement with respect to our 2026 Annual Meeting of Stockholders to be filed with the Commission within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information required by this Item is incorporated herein by reference to our definitive proxy statement with respect to our 2026 Annual Meeting of Stockholders to be filed with the Commission within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

Item 13. Certain Relationships and Related Transactions and Director Independence

Information required by this Item is incorporated herein by reference to our definitive proxy statement with respect to our 2026 Annual Meeting of Stockholders to be filed with the Commission within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

Item 14. Principal Accountant Fees and Services

Information required by this Item is incorporated herein by reference to our definitive proxy statement with respect to our 2026 Annual Meeting of Stockholders to be filed with the Commission within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

PART IV

Item 15. Exhibits and Financial Statement Schedules

Documents filed as part of this Annual Report on Form 10-K are as follows:

1. Consolidated Financial Statements

Our Consolidated Financial Statements are listed in the “Index to Consolidated Financial Statements” under Part II, Item 8 of this Annual Report on Form 10-K.

2. Financial Statement Schedules

Financial statement schedules have been omitted because they are not required, not applicable, not present in amounts sufficient to require submission of the schedule, or the required information is shown in the Consolidated Financial Statements or Notes thereto.

3. Exhibits

The exhibits listed in the following Exhibit Index are filed or incorporated by reference into this report:

EXHIBIT INDEX

Exhibit Number	Description	Incorporated by Reference				
		Form	File No.	Exhibit	Filing Date	Filed Herewith
3.1	Amended and Restated Certificate of Incorporation of the Registrant.	10-Q	001-36468	3.1	8/8/2014	
3.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Registrant	8-K	001-36468	3.1	12/3/2024	
3.3	Amended and Restated Bylaws of Arista Networks, Inc. dated September 5, 2025	8-K	001-36468	3.1	9/8/2025	
4.1	Form of the Registrant's common stock certificate.	S-1/A	333-194899	4.1	4/21/2014	
4.2	Description of Registrant's securities registered under Section 12 of the Exchange Act					✓
10.1	Form of Indemnification Agreement between the Registrant and each of its directors and executive officers.	10-Q	001-36468	10.1	11/1/2019	
10.2 †	2004 Equity Incentive Plan.	S-1	333-194899	10.2	3/31/2014	
10.3 †	2011 Equity Incentive Plan.	S-1	333-194899	10.3	3/31/2014	
10.4 †	2014 Equity Incentive Plan.	10-K	001-36468	10.4	2/19/2025	
10.5 †	2014 Employee Stock Purchase Plan.	10-K	001-36468	10.5	2/19/2025	
10.6 **†	Offer Letter, dated October 17, 2004, by and between the Registrant and Kenneth Duda.	S-1	333-194899	10.6	3/31/2014	
10.7 †	Offer Letter, dated August 1, 2008, by and between the Registrant and Jayshree Ullal.	S-1	333-194899	10.8	3/31/2014	
10.8** †	Offer Letter, dated March 27, 2013, by and between the Registrant and Charles Giancarlo.	S-1	333-194899	10.9	3/31/2014	
10.9 †	Employee Incentive Plan.	S-1/A	333-194899	10.21	4/21/2014	
10.10 †	2015 Global Sales Incentive Plan.	10-Q	001-36468	10.3	5/5/2016	
10.11** †	Form of offer letter, dated February 14, 2017, by and between the Registrant and John McCool.	10-Q	001-36468	10.3	5/8/2017	
10.12 †	Form of Severance Agreement by and between the Registrant and John McCool.	10-Q	001-36468	10.4	5/8/2017	
10.13 †	Awake Security, Inc. 2014 Equity Incentive Plan	S-8	333-249591	99.1	10/22/2020	
10.14**†	Letter Agreement by and between the Company and Chantelle Breithaupt, dated October 15, 2023					✓
10.15**†	Severance Agreement by and between the Company and Chantelle Breithaupt					✓
10.16**†	Letter Agreement by and between the Company and Todd Nightingale, dated June 12, 2025	8-K	001-36468	10.1	6/16/2025	
10.17**†	Severance Agreement by and between the Company and Todd Nightingale	8-K	001-36468	10.2	6/16/2025	
10.18**†	Consulting Agreement between the Company and Marc Taxay, dated May 6, 2025	10Q	001-36468	10.3	8/6/2025	
19.0	Insider Trading Policy.	10-K	001-36468	19.0	2/19/2025	
21.1	List of Subsidiaries of the Registrant.	10-K	001-36468	21.1	2/19/2025	
23.1	Consent of Independent Registered Public Accounting Firm.					✓
24.1	Power of Attorney (contained on signature page hereto)					✓
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					✓
31.2	Certification of the Chief Financial Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002.					✓
32.1*	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.					✓
97.1	Compensation Recovery Policy.	10-K	001-36468	97.1	2/13/2024	

Exhibit Number	Description	Incorporated by Reference				
		Form	File No.	Exhibit	Filing Date	Filed Herewith
101.INS	XBRL Instance Document.					
101.SCH	XBRL Taxonomy Extension Schema Document.					
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.					
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.					
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.					
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.					
104.0	Cover Page Interactive File (formatted as Inline XBRL and contained in Exhibit 101)					

† Indicates a management contract or compensatory plan or arrangement.

‡ Confidential treatment has been requested for portions of this exhibit. These portions have been omitted and have been filed separately with the Securities and Exchange Commission.

* * Certain information contained in this exhibit has been redacted pursuant to Item 601(a)(6) of Regulation S-K.

* The certifications attached as Exhibit 32.1 that accompany this Annual Report on Form 10-K are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Arista Networks, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Annual Report on Form 10-K, irrespective of any general incorporation language contained in such filing.

Item 16. Form 10-K Summary

None.

DESCRIPTION OF CAPITAL STOCK

The following description of the capital stock of Arista Networks, Inc. (“us,” “our,” “we” or the “Company”) is a summary of the rights of our capital stock and summarizes certain provisions of our amended and restated certificate of incorporation and our amended and restated bylaws. This summary does not purport to be complete and is qualified in its entirety by the provisions of our amended and restated certificate of incorporation and amended and restated bylaws, copies of which have been filed as exhibits to this Annual Report on Form 10-K, as well as to the applicable provisions of the Delaware General Corporation Law.

Our authorized capital stock consists of 4,100,000,000 shares, with a par value of \$0.0001 per share, of which:

- 4,000,000,000 shares are designated as common stock; and
- 100,000,000 shares are designated as preferred stock.

Common Stock

The holders of common stock are entitled to one vote per share on all matters submitted to a vote of our stockholders and are not permitted to cumulate votes at any election. Accordingly, holders of a majority of the shares of common stock entitled to vote in any election of directors may elect all of the directors standing for election. Subject to preferences that may be applicable to any preferred stock outstanding at the time, the holders of outstanding shares of common stock are entitled to receive ratably any dividends declared by our board of directors out of assets legally available. Upon our liquidation, dissolution or winding up, holders of our common stock are entitled to share ratably in all assets remaining after payment of liabilities and the liquidation preference of any then outstanding shares of preferred stock. Holders of common stock have no preemptive or conversion rights or other subscription rights. There are no redemption or sinking fund provisions applicable to the common stock.

Preferred Stock

Pursuant to our amended and restated certificate of incorporation, our board of directors has the authority, without further action by the stockholders, to issue, from time to time, up to 100,000,000 shares of preferred stock in one or more series. Our board of directors may designate the rights, preferences, privileges and restrictions of the preferred stock, including dividend rights, conversion rights, voting rights, redemption rights, liquidation preference, sinking fund terms and the number of shares constituting any series or the designation of any series. The issuance of preferred stock could have the effect of restricting dividends on the common stock, diluting the voting power of the common stock, impairing the liquidation rights of the common stock or delaying, deterring or preventing a change in control. Such issuance could have the effect of decreasing the market price of the common stock.

Anti-Takeover Effects of Delaware Law and Our Certificate of Incorporation and Bylaws

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that could have the effect of delaying, deferring or discouraging another party from acquiring control of us. These provisions and certain provisions of Delaware law, which are summarized below, could discourage takeovers, coercive or otherwise. These provisions are also designed, in part, to encourage persons seeking to acquire control of us to negotiate first with our board of directors. We believe that the benefits of increased protection of our potential ability to negotiate with an unfriendly or unsolicited acquirer outweigh the disadvantages of discouraging a proposal to acquire us.

Undesignated Preferred Stock. As discussed above under “—Preferred Stock,” our board of directors has the ability to designate and issue preferred stock with voting or other rights or preferences that could deter hostile takeovers or delay changes in our control or management.

Limits on Ability of Stockholders to Act by Written Consent or Call a Special Meeting. Our amended and restated certificate of incorporation provides that our stockholders may not act by written consent. This limit on the ability of stockholders to act by written consent may lengthen the amount of time required to take stockholder actions. As a result, the holders of a majority of our capital stock would not be able to amend the amended and restated bylaws or remove directors without holding a meeting of stockholders called in accordance with the amended and restated bylaws.

In addition, our amended and restated bylaws provides that special meetings of the stockholders may be called only by the chairman of the board, the chief executive officer, the president (in the absence of a chief executive officer) or our

board of directors. A stockholder may not call a special meeting, which may delay the ability of our stockholders to force consideration of a proposal or for holders controlling a majority of our capital stock to take any action, including the removal of directors.

Requirements for Advance Notification of Stockholder Nominations and Proposals. Our amended and restated bylaws contain advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors at our annual meeting of stockholders at which directors are to be elected or re-elected, other than nominations made by or at the direction of our board of directors or a committee of the board of directors. These advance notice procedures may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed and may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect its own slate of directors or otherwise attempt to obtain control of our company.

Board Classification. Our amended and restated certificate of incorporation provides that our board of directors is divided into three classes, one class of which is elected each year by our stockholders. The directors in each class serve for a three-year term. Our classified board of directors may tend to discourage a third party from making a tender offer or otherwise attempting to obtain control of us because it generally makes it more difficult for stockholders to replace a majority of the directors.

Election and Removal of Directors. Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that establish specific procedures for appointing and removing members of our board of directors. Under our amended and restated certificate of incorporation and amended and restated bylaws, vacancies and newly created directorships on our board of directors may be filled only by a vote of a majority of the directors then serving on the board of directors. Under our amended and restated certificate of incorporation and amended and restated bylaws, directors may be removed only for cause by the affirmative vote of the holders of at least 66 ⅔% of the shares then entitled to vote at an election of directors.

No Cumulative Voting. The Delaware General Corporation Law provides that stockholders are not entitled to the right to cumulate votes in the election of directors unless our restated certificate of incorporation provides otherwise. Our restated certificate of incorporation and amended and restated bylaws do not expressly provide for cumulative voting. Without cumulative voting, a minority stockholder may not be able to gain as many seats on our board of directors as the stockholder would be able to gain if cumulative voting were permitted. The absence of cumulative voting makes it more difficult for a minority stockholder to gain a seat on our board of directors to influence our board of directors' decision regarding a takeover.

Amendment of Charter Provision. Any amendment of the above provisions in our amended and restated certificate of incorporation would require approval by holders of at least 66 ⅔% of our then outstanding common stock.

Delaware Anti-Takeover Statute. We are subject to the provisions of Section 203 of the Delaware General Corporation Law regulating corporate takeovers. In general, Section 203 prohibits a publicly held Delaware corporation from engaging, under certain circumstances, in a business combination with an interested stockholder for a period of three years following the date the person became an interested stockholder unless:

- prior to the date of the transaction, our board of directors approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding, but not the outstanding voting stock owned by the interested stockholder, (1) shares owned by persons who are directors and also officers and (2) shares owned by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- at or subsequent to the date of the transaction, the business combination is approved by our board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 ⅔% of the outstanding voting stock that is not owned by the interested stockholder.

Generally, a business combination includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. An interested stockholder is a person who, together with affiliates and associates, owns or, within three years prior to the determination of interested stockholder status, did own 15% or more of a corporation's outstanding voting stock. We expect the existence of this provision to have an anti-takeover effect with respect to transactions our board of directors does not approve in advance. We also anticipate that Section 203 may discourage attempts that might result in a premium over the market price for the shares of common stock held by stockholders.

The provisions of Delaware law and the provisions of our amended and restated certificate of incorporation and amended and restated bylaws could have the effect of discouraging others from attempting hostile takeovers and as a consequence, they might also inhibit temporary fluctuations in the market price of our common stock that often result from actual or rumored hostile takeover attempts. These provisions might also have the effect of preventing changes in our management. It is also possible that these provisions could make it more difficult to accomplish transactions that stockholders might otherwise deem to be in their best interests.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Computershare Trust Company, N.A.



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Tel: 408-547-5500
www.arista.com

Chantelle Breithaupt

[***]

[***]

October 15, 2023

Dear Chantelle,

On behalf of Arista Networks, Inc. (the "Company"), I am pleased to offer you the appointment to a full-time exempt position as Senior Vice President, Chief Financial Officer, effective as of immediately following the filing of the Company's Form 10-K for the fiscal year ending December 31, 2023 (the "Appointment Date"). You have until November 2, 2023 to accept this appointment, at which time it will expire. The terms of this appointment are as follows:

1. Salary: The Company will pay you a base salary of \$ 315,000 per year in accordance with the Company's standard payroll policies.

2. Bonus: You will be eligible to participate in the Company's bonus program and receive an annual discretionary bonus, less applicable withholding, pursuant to the terms of the program. Please note that you must be an employee of the Company on the bonus payout date to be eligible to receive the bonus payment. Lastly, as a reminder, both your base salary and the components of your discretionary bonus are subject to periodic review and may be modified by the Company as deemed necessary in its sole and absolute discretion.

3. Benefits: During the term of your employment, you will be eligible to participate in all of the Company's standard health, vacation, and other benefits covering employees. The Company reserves the right to change the benefit plans and programs that it offers to its employees at any time.

4. Stock: Subject to a separate equity award agreement (the "Equity Award Agreement") and approval by the Company's board of directors or its compensation committee, you will be granted one award of performance restricted stock units covering shares of the Company (the "PSUs") as described below. For purposes of this Section 4, "value" means the average of the closing prices of the Company's common stock for the 30-trading day period ending on the Tuesday preceding the grant date of the PSUs. The Company's restricted stock units vest on 4 designated dates each quarter (each, a "Quarterly Vesting Date").

- a. Your PSU award will be an award of performance restricted stock units covering shares of Company common stock having a "value" equal to \$ 2,000,000 as determined in accordance with the Company's customary practices. Your PSUs will cover 4 1-year performance periods. For 2024, your PSUs will have the same performance terms and conditions as apply to the Company's executive officers other than the CEO. Typically, performance certification with respect to an annual performance period occurs early in the year following the end of the performance period. To the extent earned during a given fiscal year, the PSUs will settle on the Company's first quarterly vesting date following certification, which is anticipated to be in February following the applicable performance period. All vesting is subject to your continued service to the Company through the applicable vesting date.

5. Relocation Bonus: To enable you to work at the Company's headquarters, if you relocate to work at the Company's headquarters, then the Company will provide you a cash bonus equal to \$50,000 less applicable withholding. This relocation bonus will be paid within 30 days after you commence working full-time at the Company's headquarters.

Your employment with the Company will be "at-will". This means that your employment will not be for any specified period of time and can be terminated either by you or by the Company at any time, with or without advance notice, and for any or no particular reason or cause. It also means that your job duties, title, responsibilities, reporting level, compensation and benefits, as well as the Company's personnel policies and procedures, may be changed with or without notice at any time in the sole discretion of the Company. Notwithstanding the foregoing, you may be entitled to accelerated vesting and other severance benefits in the event of a termination or change in the nature of your job, as set forth in the Severance Agreement.



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On the Appointment Date, you and the Company will enter into a Severance Agreement dated as of the Start Date in the form attached hereto as Exhibit A (the "Severance Agreement") and an Indemnification Agreement dated as of the Appointment Date in the form attached hereto as Exhibit B (the "Indemnification Agreement"). This letter agreement, the Severance Agreement, the Indemnification Agreement, the Equity Award Agreement (when entered into), and the At-Will Employment, Confidential Information, Invention Assignment and Arbitration Agreement that you entered into in connection with your hiring set forth the terms of your employment with the Company and supersede any prior representations and agreements, whether written and oral, regarding the terms of your employment with the Company, including your previous offer letter agreement with the Company. This letter agreement may not be modified or amended, except by a written agreement, signed by both you and the Company's Chief Executive Officer. This letter agreement is governed by California law. If any provision of this agreement is held invalid or unenforceable, the remaining provisions shall continue to be valid and enforceable.

I look forward to working with you.

Sincerely,

/s/ Jayshree Ullal

Jayshree Ullal
Chief Executive Officer

Accepted: /s/ Chantelle Breithaupt

Date: 10/15/2023

ARISTA NETWORKS, INC.

SEVERANCE AGREEMENT

This Severance Agreement (the "*Agreement*") is made and entered into by and between Chantelle Breithaupt ("*Executive*") and Arista Networks, Inc., a Delaware corporation ("*Company*"), effective as of the date that Executive was appointed as Chief Financial Officer of the Company (the "*Effective Date*").

RECITALS

1. The Board of Directors of the Company (the "*Board*") believes that it is in the best interests of the Company and its stockholders (i) to assure that the Company will have the continued dedication and objectivity of Executive, notwithstanding the possibility, threat, or occurrence of a Change in Control (as defined below) and (ii) to provide Executive with an incentive to continue Executive's employment and to motivate Executive to maximize the value of the Company for the benefit of its stockholders.

2. The Board believes that it is imperative to provide Executive with certain severance benefits upon Executive's termination of employment under certain circumstances. These benefits will provide Executive with enhanced financial security and incentive and encouragement to remain with the Company.

3. Certain capitalized terms used in the Agreement are defined in Section 6 below.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

1. Term of Agreement. This Agreement will terminate upon the date that all of the obligations of the parties hereto with respect to this Agreement have been satisfied.

2. At-Will Employment. The Company and Executive acknowledge that Executive's employment is and will continue to be at-will, as defined under applicable law. If Executive's employment terminates for any reason and Executive elects to sign and not revoke the Release (as defined in Section 4(a)), Executive will not be entitled to any payments, benefits, damages, awards or compensation other than as provided by this Agreement or any Equity Award agreement, the payment of accrued but unpaid wages or other compensation, as required by law, as may otherwise be available in accordance with the Company's established employee plans, and any unreimbursed reimbursable expenses, and this Agreement supersedes all prior agreements or arrangements relating to the same.

3. Severance Benefits.

(a) Termination without Cause or Resignation for Good Reason not in Connection with a Change in Control. If the Company terminates Executive's employment with the Company without Cause (excluding Executive's death or Disability) or if Executive resigns from such employment for Good Reason, then, subject to Section 4, Executive will receive the following:

(i) Accrued Compensation. The Company will pay Executive all accrued but unpaid vacation, expense reimbursements, wages, and other benefits due to Executive under any Company-provided plans, policies, and arrangements.

(ii) Severance Payment. Executive will be paid continuing payments of severance pay at a rate equal to Executive's base salary rate, as then in effect, for twelve (12) months from the date of such termination of employment, to be paid periodically in accordance with the Company's normal payroll policies.

(iii) Equity Acceleration for Time-Based Equity Awards. The vesting of Executive's outstanding Equity Awards subject to time-based vesting will accelerate and vest as to the portion that would have vested had Executive remained employed with the Company for twelve (12) months following the termination of employment date. For the avoidance of doubt, no portion of any Equity Award subject to performance-based vesting will vest under this Section 3(a)(iii).

(b) Termination without Cause or Resignation for Good Reason in Connection with a Change in Control. If the Company terminates Executive's employment with the Company without Cause or if Executive resigns from such employment for Good Reason, and such termination occurs within the period commencing with, and ending twelve (12) months following, a Change in Control, then, subject to Section 4, Executive will receive the following (in addition to the consideration set forth in Sections 3(a)(i) and (ii) above):

(i) Vesting Acceleration of Equity Awards. Fifty percent (50%) of Executive's then outstanding and unvested Equity Awards as of the termination of employment date will become vested and otherwise will remain subject to the terms and conditions of the applicable Equity Award agreement. If, however, an outstanding Equity Award is to vest and/or the amount of the award to vest is to be determined based on the achievement of performance criteria, then the Equity Award will vest as to fifty percent (50%) of the amount of the Equity Award assuming the performance criteria had been achieved at target levels for the relevant performance period(s). For the avoidance of doubt, if the accelerated vesting benefit for an applicable Equity Award is greater under Section 3(a)(iii) than under this Section 3(b)(i), then Executive shall be entitled to the superior benefit set forth in Section 3(a)(iii).

(c) Voluntary Resignation; Termination for Cause. If Executive's employment with the Company terminates (i) voluntarily by Executive (other than for Good Reason) or (ii) for Cause by the Company, then Executive will not be entitled to receive severance or other benefits except for those (if any) as may then be established under the Company's then existing severance and benefits plans and practices or pursuant to other written agreements with the Company.

(d) Disability; Death. If the Company terminates Executive's employment as a result of Executive's Disability, or Executive's employment terminates due to his or her death, then Executive will not be entitled to receive any other severance or other benefits, except for those (if any) as may then be established under the Company's then existing written severance and benefits plans and practices or pursuant to other written agreements with the Company.

(e) Exclusive Remedy. In the event of a termination of Executive's employment as set forth in Section 3 of this Agreement and assuming that Executive elects to sign and not revoke the Release, the provisions of Section 3 are intended to be and are exclusive and in lieu of any other rights or remedies to which Executive or the Company otherwise may be entitled, whether at law, tort or contract, in equity, or under this Agreement (other than the payment of accrued but unpaid wages, as required by law, any unreimbursed reimbursable expenses, and any rights under any Equity Award agreement). In such case, Executive will be entitled to no benefits, compensation or other payments or rights upon a termination of employment other than those benefits expressly set forth in Section 3 of this Agreement and in any Equity Award agreement.

4. Conditions to Receipt of Severance

(a) Release of Claims Agreement. The receipt of any severance payments or benefits (other than the accrued benefits set forth in Section 3(a)(i)) pursuant to this Agreement is subject to Executive signing and not revoking a separation agreement and release of claims in a form acceptable to the Company (the "**Release**"), which must become effective and irrevocable no later than the sixtieth (60th) day following Executive's termination of employment (the "**Release Deadline**"). If the Release does not become effective and irrevocable by the Release Deadline, Executive will forfeit any right to severance payments or benefits under this Agreement. In no event will severance payments or benefits be paid or provided until the Release actually becomes effective and irrevocable.

(b) Confidential Information and Invention Assignment Agreement. Executive's receipt of any payments or benefits under Section 3 (other than the accrued benefits set forth in Section 3(a)(i)) will be subject to Executive continuing to comply with the terms of the At-Will Employment, Confidential Information, Invention Assignment, and Arbitration Agreement (the "**Confidential Information and Invention Assignment Agreement**"), between the Company and Executive, as such agreement may be amended from time to time.

(c) Section 409A.

(i) Notwithstanding anything to the contrary in this Agreement, no severance payments or benefits to be paid or provided to Executive, if any, pursuant to this Agreement that, when considered together with any other severance payments or separation benefits, are considered deferred compensation under Section 409A of the Internal Revenue Code of 1986, as amended (the "**Code**"), and the final regulations and any guidance promulgated thereunder ("**Section 409A**") (together, the "**Deferred Payments**") will be paid or otherwise provided until Executive has a "separation from service" within the meaning of Section 409A. Similarly, no severance payable to Executive, if any, pursuant to this Agreement that otherwise would be exempt

from Section 409A pursuant to Treasury Regulation Section 1.409A-1(b)(9) will be payable until Executive has a "separation from service" within the meaning of Section 409A. Termination of employment is intended to constitute a "separation from service" within the meaning of Section 409A.

(ii) It is intended that none of the severance payments under this Agreement will constitute "*Deferred Payments*" but rather will be exempt from Section 409A as a payment that would fall within the "short-term deferral period" as described in Section 4(c)(iv) below or resulting from an involuntary separation from service as described in Section 4(c)(v) below. However, any severance payments or benefits under this Agreement that would be considered Deferred Payments will be paid on, or, in the case of installments, will not commence until, the sixtieth (60th) day following Executive's separation from service, or, if later, such time as required by Section 4(c)(iii). Except as required by Section 4(c)(iii), any installment payments that would have been made to Executive during the sixty (60) day period immediately following Executive's separation from service but for the preceding sentence will be paid to Executive on the sixtieth (60th) day following Executive's separation from service and the remaining payments shall be made as provided in this Agreement.

(iii) Notwithstanding anything to the contrary in this Agreement, if Executive is a "specified employee" within the meaning of Section 409A at the time of Executive's termination (other than due to death), then the Deferred Payments, if any, that are payable within the first six (6) months following Executive's separation from service, will become payable on the first payroll date that occurs on or after the date six (6) months and one (1) day following the date of Executive's separation from service. All subsequent Deferred Payments, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if Executive dies following Executive's separation from service, but before the six (6) month anniversary of the separation from service, then any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of Executive's death and all other Deferred Payments will be payable in accordance with the payment schedule applicable to each payment or benefit. Each payment and benefit payable under this Agreement is intended to constitute a separate payment under Section 1.409A-2(b)(2) of the Treasury Regulations.

(iv) Any amount paid under this Agreement that satisfies the requirements of the "short-term deferral" rule set forth in Section 1.409A-1(b)(4) of the Treasury Regulations will not constitute Deferred Payments for purposes of clause (i) above.

(v) Any amount paid under this Agreement that qualifies as a payment made as a result of an involuntary separation from service pursuant to Section 1.409A-1(b)(9)(iii) of the Treasury Regulations that does not exceed the Section 409A Limit (as defined below) will not constitute Deferred Payments for purposes of clause (i) above.

(vi) The foregoing provisions are intended to comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. The Company and Executive agree to work together in good faith to consider

amendments to this Agreement and to take such reasonable actions which are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition before actual payment to Executive under Section 409A.

5. Limitation on Payments. In the event that the severance and other benefits provided for in this Agreement or otherwise payable to Executive (i) constitute “parachute payments” within the meaning of Section 280G of the Code, and (ii) but for this Section 5, would be subject to the excise tax imposed by Section 4999 of the Code, then Executive’s benefits under Section 3 will be either:

- (a) delivered in full, or
- (b) delivered as to such lesser extent which would result in no portion of such benefits being subject to excise tax under Section 4999 of the Code,

whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by Executive on an after-tax basis, of the greatest amount of benefits, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code. If a reduction in severance and other benefits constituting “parachute payments” is necessary so that benefits are delivered to a lesser extent, reduction will occur in the following order: (i) reduction of cash payments; (ii) cancellation of awards granted “contingent on a change in ownership or control” (within the meaning of Code Section 280G), (iii) cancellation of accelerated vesting of equity awards; (iv) reduction of employee benefits. In the event that acceleration of vesting of equity award compensation is to be reduced, such acceleration of vesting will be cancelled in the reverse order of the date of grant of Executive’s equity awards.

Unless the Company and Executive otherwise agree in writing, any determination required under this Section 5 will be made in writing by the Company’s independent public accountants immediately prior to a Change in Control or such other person or entity to which the parties mutually agree (the “*Firm*”), whose determination will be conclusive and binding upon Executive and the Company. For purposes of making the calculations required by this Section 5, the Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and Executive will furnish to the Firm such information and documents as the Firm may reasonably request in order to make a determination under this Section. The Company will bear all costs the Firm may incur in connection with any calculations contemplated by this Section 5.

6. Definition of Terms. The following terms referred to in this Agreement will have the following meanings:

- (a) Cause. “*Cause*” will mean:
 - (i) an act of dishonesty made by Executive in connection with Executive’s responsibilities as an employee;

(ii) Executive's conviction of, or plea of nolo contendere to, a felony or any crime involving fraud, embezzlement or any other act of moral turpitude;

(iii) Executive's gross misconduct;

(iv) Executive's unauthorized use or disclosure of any proprietary information or trade secrets of the Company or any other party to whom Executive owes an obligation of nondisclosure as a result of Executive's relationship with the Company;

(v) Executive's willful breach of any obligations under any written agreement or covenant with the Company; or

(vi) Executive's continued failure to perform his employment duties after Executive has received a written demand of performance from the Company which specifically sets forth the factual basis for the Company's belief that Executive has not substantially performed his duties and has failed to cure such non-performance to the Company's reasonable satisfaction within 10 business days after receiving such notice.

(b) Change in Control. "**Change in Control**" will have the meaning set forth in the Company's 2014 Equity Incentive Plan.

(c) Disability. "**Disability**" means that Executive has been unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months. Alternatively, Executive will be deemed disabled if determined to be totally disabled by the Social Security Administration. Termination resulting from Disability may only be effected after at least thirty (30) days' written notice by the Company of its intention to terminate Executive's employment. In the event that Executive resumes the performance of substantially all of Executive's duties hereunder before the termination of Executive's employment becomes effective, the notice of intent to terminate based on Disability will automatically be deemed to have been revoked.

(d) Equity Awards. "**Equity Awards**" will mean an Executive's outstanding stock options, stock appreciation rights, restricted stock, restricted stock units, performance stock units, and other Company equity compensation awards.

(e) Good Reason. "**Good Reason**" will mean Executive's resignation within thirty (30) days following the expiration of any Company cure period (discussed below) following the occurrence of one or more of the following, without Executive's consent:

(i) a material diminution of Executive's authority, duties or responsibilities; provided, however, that a reduction in authority, duties or responsibilities in connection with the Company being acquired and made part of a larger entity (as, for example, when the Chief Financial Officer of the Company remains as such following an acquisition of the Company

but is not made the Chief Financial Officer of the acquiring corporation) will constitute “Good Reason”;

(ii) a material reduction in Executive’s base salary (except where there is a reduction applicable to the management team generally); provided, however, that a reduction in Executive’s base salary of fifteen percent (15%) or less in any one (1) year will not be deemed a material reduction; or

(iii) a material change in the geographic location of Executive’s primary work facility or location; provided that a relocation of less than fifty (50) miles from Executive’s then present location will not be considered a material change in geographic location.

Executive will not resign for Good Reason without first providing the Company with written notice of the acts or omissions constituting the grounds for “Good Reason” within ninety (90) days of the initial existence of the grounds for “Good Reason” and a cure period of thirty (30) days following the date of such notice.

(f) Section 409A Limit. “*Section 409A Limit*” will mean two (2) times the lesser of: (i) Executive’s annualized compensation based upon the annual rate of pay paid to Executive during the Executive’s taxable year preceding the Executive’s taxable year of Executive’s termination of employment as determined under, and with such adjustments as are set forth in, Treasury Regulation 1.409A-1(b)(9)(iii)(A)(1) and any Internal Revenue Service guidance issued with respect thereto; or (ii) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which Executive’s employment is terminated.

7. Successors.

(a) The Company’s Successors. Any successor to the Company (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company’s business and/or assets will assume the obligations under this Agreement and agree expressly to perform the obligations under this Agreement in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term “Company” will include any successor to the Company’s business and/or assets which executes and delivers the assumption agreement described in this Section 7(a) or which becomes bound by the terms of this Agreement by operation of law.

(b) Executive’s Successors. The terms of this Agreement and all rights of Executive hereunder will inure to the benefit of, and be enforceable by, Executive’s personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

8. Notice.

(a) General. Notices and all other communications contemplated by this Agreement will be in writing and will be deemed to have been duly given when sent electronically or personally delivered when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid or when delivered by a private courier service such as UPS, DHL or Federal Express that has tracking capability. In the case of Executive, notices will be sent to the e-mail address or addressed to Executive at the home address, in either case which Executive most recently communicated to the Company in writing. In the case of the Company, electronic notices will be sent to the e-mail address of the Chief Executive Officer and the General Counsel and mailed notices will be addressed to its corporate headquarters, and all notices will be directed to the attention of its Chief Executive Officer and General Counsel.

(b) Notice of Termination. Any termination by the Company for Cause or by Executive for Good Reason will be communicated by a notice of termination to the other party hereto given in accordance with Section 8(a) of this Agreement. Such notice will indicate the specific termination provision in this Agreement relied upon, will set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination under the provision so indicated, and will specify the termination date (which will be not more than ninety (90) days after the giving of such notice).

9. Resignation. Upon the termination of Executive's employment for any reason, Executive will be deemed to have resigned from all officer and/or director positions held at the Company and its affiliates voluntarily, without any further required action by Executive, as of the end of Executive's employment and Executive, at the Board's request, will execute any documents reasonably necessary to reflect Executive's resignation.

10. Miscellaneous Provisions.

(a) No Duty to Mitigate. Executive will not be required to mitigate the amount of any payment contemplated by this Agreement, nor will any such payment be reduced by any earnings that Executive may receive from any other source.

(b) Waiver. No provision of this Agreement will be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Company (other than Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party will be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(c) Headings. All captions and section headings used in this Agreement are for convenient reference only and do not form a part of this Agreement.

(d) Entire Agreement. This Agreement, the Confidential Information and Invention Assignment Agreement, Executive's Indemnification Agreement, Executive's offer letter

agreement, and the Equity Award Agreements (when entered into) with the Company constitute the entire agreement of the parties hereto and supersede in their entirety all prior representations, understandings, undertakings or agreements (whether oral or written and whether expressed or implied) of the parties with respect to the subject matter hereof. No waiver, alteration, or modification of any of the provisions of this Agreement will be binding unless in writing and signed by duly authorized representatives of the parties hereto and which specifically mention this Agreement.

(e) Choice of Law. The validity, interpretation, construction and performance of this Agreement will be governed by the laws of the State of California (with the exception of its conflict of laws provisions). Any claims or legal actions by one party against the other arising out of the relationship between the parties contemplated herein (whether or not arising under this Agreement) will be commenced or maintained in any state or federal court located in the jurisdiction where Executive resides, and Executive and the Company hereby submit to the jurisdiction and venue of any such court.

(f) Severability. The invalidity or unenforceability of any provision or provisions of this Agreement will not affect the validity or enforceability of any other provision hereof, which will remain in full force and effect.

(g) Withholding. All payments made pursuant to this Agreement will be subject to withholding of applicable income, employment and other taxes.

(h) Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

[Signature Page to Follow]

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year set forth below.

COMPANY

ARISTA NETWORKS, INC.

By: /s/ Jayshree Ullal

Title: Chief Executive Officer

Date:

EXECUTIVE

By: /s/ Chantelle Breithaupt

Title: Chief Financial Officer

Date:

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-8 Nos. 333-196550, 333-202919, 333-209723, 333-216136, 333-223093, 333-229730, 333-236426, 333-249591, 333-253277, 333-262733, 333-269744 and 333-277022) pertaining to the 2004 Equity Incentive Plan of Arista Networks, Inc., the 2011 Equity Incentive Plan of Arista Networks, Inc., the 2014 Equity Incentive Plan of Awake Security, Inc., the 2014 Employee Stock Purchase Plan and 2014 Equity Incentive Plan of Arista Networks, Inc.;

of our reports dated February 13, 2026, with respect to the consolidated financial statements of Arista Networks, Inc. and the effectiveness of internal control over financial reporting of Arista Networks, Inc. included in this Annual Report (Form 10-K) for the year ended December 31, 2025.

/s/ Ernst & Young LLP

San Jose, California

February 13, 2026

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Jayshree Ullal, certify that:

1. I have reviewed this Annual Report on Form 10-K of Arista Networks, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 13, 2026

/s/ JAYSHREE ULLAL

Jayshree Ullal

Chief Executive Officer and Chairperson of the Board
Chief Executive Officer and Director

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Chantelle Breithaupt, certify that:

1. I have reviewed this Annual Report on Form 10-K of Arista Networks, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 13, 2026

/s/ CHANTELE BREITHAUPT

Chantelle Breithaupt

Senior Vice President, Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

